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Volume XIV

China and Japan

(in two parts)

Part 1

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PREFACE

The publication *Foreign Relations of the United States* constitutes the official record of the foreign policy of the United States. The volumes in the series include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions of the United States together with appropriate materials concerning the facts which contributed to the formulation of policies. Documents in the files of the Department of State are supplemented by papers from other Government agencies involved in the formulation of foreign policy.

The basic documentary diplomatic record printed in the volumes of the series *Foreign Relations of the United States* is edited by the Office of the Historian, Bureau of Public Affairs, Department of State. The editing is guided by the principles of historical objectivity and in accordance with the following official guidance first promulgated by Secretary of State Frank B. Kellogg on March 26, 1925.

There may be no alteration of the text, no deletions without indicating where in the text the deletion is made, and no omission of facts which were of major importance in reaching a decision. Nothing may be omitted for the purpose of concealing or glossing over what might be regarded by some as a defect of policy. However, certain omissions of documents are permissible for the following reasons:

a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.

b. To condense the record and avoid repetition of needless details.

c. To preserve the confidence reposed in the Department by individuals and by foreign governments.

d. To avoid giving needless offense to other nationalities or individuals.

e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this consideration there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternative presented to the Department before the decision was made.

Documents selected for publication in the *Foreign Relations* volumes are referred to the Department of State Classification/Declassification Center for declassification clearance. The Center reviews

the documents, makes declassification decisions, and obtains the clearance of geographic and functional bureaus of the Department of State, as well as of other appropriate agencies of the government. The Center, in coordination with the geographic bureaus of the Department of State, conducts communications with foreign governments regarding documents or information of those governments proposed for inclusion in *Foreign Relations* volumes.

John P. Glennon supervised the preparation of this volume. Harriet D. Schwar compiled the section on China and David W. Mabon prepared the section on Japan. Louis J. Smith assisted in declassification, and Mr. Mabon in final editing. Margaret Roman prepared the lists of names and abbreviations, and Rosa D. Pace the list of sources.

Until his retirement in 1979, Deputy Historian Fredrick Aandahl directed the entire *Foreign Relations* project, including the preparation of this volume.

Rita M. Baker and Joann G. Alba performed technical editing under the supervision of Margie R. Wilber in the Publishing Services Division (Paul M. Washington, Chief). The Twin Oaks Indexing Collective prepared the index.

WILLIAM Z. SLANY
The Historian
Bureau of Public Affairs

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LIST OF UNPUBLISHED SOURCES

Department of State

1. *Indexed Central Files.* Papers in the indexed central files of the Department for the years 1952–1954 are indicated by a decimal file number in the headnote. Among the most useful of these files for the China compilation were 110.11 DU, 293.1111, 293.1122, 396.1 GE, 493.009, 611.93, 611.94A, 611.95A241, 711.5890, 793.00, 793.5, 793.5 MSP, 793B.00, 794A.00, 794A.5, 794A.5 MSP, 893.00, 894A.00, and 961.53. For Japan, useful files consulted were 033.9411, 110.15 RO, 400.949, 493.949, 611.94, 693.94, 693.941, 694.001, 694.0026, 694.95, 694.95B, 711.5611, 761.5622, 790.022, 794.00, 794.5, 794.5 MSP, 794.54, 794.5621, 794C.00, 794C.022, 794C.0221, 795B.11, 811.05194, 894.00, 894.10, and 894.245.

2. *Lot Files.* Documents from the central files have been supplemented by lot files of the Department, which are decentralized files created by operating areas. A list of the lot files used in this volume follows:

CA Files, Lot 58 D 401

This lot has been consolidated into CA Files, Lot 58 D 395: Consolidated economic and political files on China for the year 1953, as maintained by the Office of Chinese Affairs.

CA Files, Lot 59 D 110

Consolidated political files on China for the years 1954–1955, as maintained by the Office of Chinese Affairs and the Bureau of Far Eastern Affairs. (Combines Lots 59 D 110 and 64 D 230)

CA Files, Lot 59 D 228

Top Secret files of the Office of Chinese Affairs for the years 1951–1953.

Conference Files, Lot 59 D 95

Collection of documentation on official visits by heads of government and foreign ministers to the United States and on major international conferences attended by the Secretary of State for the period 1949–1955, as maintained by the Executive Secretariat.

Conference Files, Lot 60 D 627

Collection of documentation on official visits by heads of government and foreign ministers to the United States and on major international conferences attended by the Secretary of State for the period 1953–1958, as maintained by the Executive Secretariat. This file is a continuation of Lot 59 D 95.

Dulles Files, Lot 54 D 423

Files of John Foster Dulles, Consultant to the Secretary of State, concerning the negotiation of the treaty of peace with Japan and covering the years 1950–1952.

FE Files, Lot 55 D 128

Top Secret files of the Bureau of Far Eastern Affairs concerning the Korean war and cease-fire for the years 1950–1952.

FE Files, Lot 55 D 388

Files maintained by the Bureau of Far Eastern Affairs for the year 1953.

FE Files, Lot 55 D 480

Files maintained by the Bureau of Far Eastern Affairs for the year 1954, including documentation on the Geneva Conference, Southeast Asia, and the Korean Black Book. (Combines Lots 55 D 480 and 55 D 481)

FE Files, Lot 64 D 230

Top Secret China files for the years 1954–1955, maintained by the Bureau of Far Eastern Affairs and subsequently consolidated into CA Files, Lot 59 D 110, listed above.

INR–NIE Files

Files retained by the Bureau of Intelligence and Research containing copies of National Intelligence Estimates and Special National Intelligence Estimates, including NIE's and SNIE's for the 1952–1954 period.

Matthews Files, Lot 53 D 413

Collection of cables relating to the Korean armistice 1951–1953, maintained in the Office of Deputy Under Secretary of State H. Freeman Matthews.

NA Files, Lot 54 D 198

Files on Japan and Korea for the years 1950–1952, as maintained by the Office of Northeast Asian Affairs.

NA Files, Lot 54 D 539

Files on Korea and Korean-Japanese relations for the years 1945–1953, as maintained by the Office of Northeast Asian Affairs.

NA Files, Lot 57 D 149

Japanese subject files of the Office of Northeast Asian Affairs for the years 1953–1954.

NA Files, Lot 58 D 184

Miscellaneous Japan and Korea files for the years 1953–1955, as maintained by the Office of Northeast Asian Affairs.

NA Files, Lot 58 D 529

Files of the Office of Northeast Asian Affairs from the year 1952.

NAC Files, Lot 60 D 137

Master file of the documents of the National Advisory Council on International Monetary and Financial Problems for the years 1945–1958, as maintained by the Bureau of Economic Affairs of the Department of State.

Northeast Asian Affairs Files, Lot 60 D 330

Files on relations with Japan and Korea for the years 1950–1953, as maintained by the Office of Northeast Asian Affairs of the Bureau of Far Eastern Affairs.

OCB Files, Lot 62 D 430

Master files of the Operations Coordinating Board for the years 1953–1960, as maintained by the Executive Secretariat.

PPS Files, Lot 64 D 563

Master file of documents, drafts, records of meetings, memoranda, and related correspondence for the years 1947–1953 of the Policy Planning Staff.

PPS Files, Lot 65 D 101

Master file of documents, drafts, records of meetings, memoranda, and related correspondence for the year 1954 of the Policy Planning Staff.

PSB Files, Lot 62 D 333

Master file of minutes and papers of the Psychological Strategy Board for the years 1951–1953, as maintained by the Executive Secretariat.

Rankin Files, Lot 66 D 84

Files maintained by Karl L. Rankin during his tours of duty at Athens, Vienna, Canton, Hong Kong, Taipei, and Belgrade, 1932–1961.

Secretary's Letters, Lot 56 D 459

Correspondence of the Secretary of State for years 1945–1956 as maintained by the Executive Secretariat.

Secretary's Memoranda, Lot 53 D 444

Comprehensive chronological collections of the Secretary of State's memoranda, memoranda of conversation, and memoranda of conversation with the President for the years 1947–1958, as maintained by the Executive Secretariat.

Secretary's Memoranda of Conversation, Lot 64 D 199

Chronological collections of the Secretary of State's memoranda of conversation and the Under Secretary of State's memoranda of conversation for the years 1953–1960, as maintained by the Executive Secretariat.

Secretary's Memoranda of Conversation, Lot 65 D 238

Chronological collections of the Secretary of State's memoranda of conversation with the President for the years 1949–1952, memoranda of the Secretary of State and Under Secretary of State for the years 1951–1952, and the Secretary of State's memoranda of conversation with Senator Tom Connally of Texas for the years 1950–1951, as maintained by the Executive Secretariat.

Secretary's Staff Meetings, Lot 63 D 75

Chronological collections of the minutes of the Secretary of State's staff meetings during the years 1952–1960, as maintained by the Executive Secretariat.

S/P–NSC Files, Lot 61 D 167

Serial file of memoranda relating to National Security Council questions for the years 1950–1961, as maintained by the Policy Planning Staff.

S/P–NSC Files, Lot 62 D 1

Serial and subject master file of National Security Council documents and correspondence for the years 1948–1961, as maintained by the Policy Planning Staff.

S/S–NSC Files, Lot 63 D 351

Serial master file of National Security Council documents and correspondence and related Department of State memoranda for the years 1947–1961, as maintained by the Executive Secretariat.

S/S–NSC (Miscellaneous) Files, Lot 66 D 95

Administrative and miscellaneous National Security Council documentation, including NSC Records of Action, as maintained by the Executive Secretariat for the years 1947–1963.

State–JCS Meetings, Lot 61 D 417

Top Secret records of meetings between the Joint Chiefs of Staff and representatives of the Department of State for the period 1951–1959 and selected problem files on the Middle East for the period 1954–1956, as maintained by the Executive Secretariat.

Taipei Embassy Files, Lot 62 F 83

See entry under Washington National Records Center.

Tokyo Embassy Files, Lots 59 F 23 and 61 F 163

See entries under Washington National Records Center.

U/MSA Files, Lot 57 D 567

Files of the Special Assistant for Mutual Security Affairs, 1952–1957.

Department of Defense

Department of Defense Files

Documents obtained upon request from the Office of the Secretary of Defense.

JCS Files

Documents obtained upon request from the Secretariat of the Joint Chiefs of Staff.

Dwight D. Eisenhower Library, Abilene, Kansas

Dulles Papers

Records of John Foster Dulles, 1952–1959.

James C. Hagerty Papers

Papers of James C. Hagerty, Press Secretary to President Eisenhower, for the years 1953–1961.

Staff Secretary Records

Records of the Office of the Staff Secretary in the White House, including the records of Paul T. Carroll, Andrew J. Goodpaster, L. Arthur Minnich, Jr., and Christopher T. Russell.

White House Central Files

Records of Dwight D. Eisenhower as President, White House Central Files, 1953–1961.

Whitman File

Papers of Dwight D. Eisenhower as President, 1953–1961, maintained by his personal secretary, Ann C. Whitman. The Whitman File includes the following elements: the Name Series, Dulles–Herter Series, Eisenhower Diaries, Ann Whitman (ACW) Diaries, National Security Council Records, Miscellaneous Records, Cabinet Papers, Legislative Meetings, International Meetings, Administration Series, and the International File.

National Archives, Washington, D.C.

JCS Records

National Archives Record Group 218, Records of the Joint Chiefs of Staff and the Chairman of the Joint Chiefs of Staff.

Secretary's Press Conferences

Transcripts of news conferences of the Secretary of State, 1929–1969, as maintained by the Office of Press Relations and its predecessors, National Archives Record Group 59, General Records of the Department of State.

Princeton University

H. Alexander Smith Papers

Papers of H. Alexander Smith, Senator from New Jersey, 1944–1959, and member of the Senate Committee on Foreign Relations, 1946–1959.

Harry S. Truman Library, Independence, Missouri

Truman Papers, President's Secretary's File (PSF)

Papers of Harry S. Truman as President, 1945–1953, maintained by his personal secretary.

Washington National Records Center, Suitland, Maryland

Taipei Embassy Files, FRC 68 A 5159, Item 147

Lot 62 F 83: Top Secret files of the Embassy in Taiwan for the years 1953–1958.

Tokyo Embassy Files, FRC 59 A 543, Item 34

Lot 59 F 23: Classified files of the Mission in Japan from January 1, 1950 to April 29, 1952.

Tokyo Embassy Files, FRC 62 A 308, Item 14

Lot 61 F 163: Classified and unclassified files of the Embassy in Japan from April 29, 1952 through 1955.

LIST OF ABBREVIATIONS AND SYMBOLS

EDITOR'S NOTE—This list does not include standard abbreviations in common usage; unusual abbreviations of rare occurrence which are clarified at appropriate points; and those abbreviations and contractions which, although uncommon, are understandable from the context.

AA, anti-aircraft
AAA, anti-aircraft artillery
ACFL, All-China Federation of Labor
ADA, Americans for Democratic Action
ADCC, air defense control center
ADPC (CIA), Assistant Director for Policy Coordination, Central Intelligence Agency
AEC, Atomic Energy Commission
ALUSNA, United States Naval Attaché
AMS, minesweepers
ANZUS, Australia, New Zealand, United States
ARL, landing craft repair ship
ASW, anti-submarine warfare
att, attaché
AW, aircraft warning
BNA, Office of British Commonwealth and Northern European Affairs, Department of State
BST, bilateral security treaty
C, Counselor of the Department of State
CA, Office of Chinese Affairs, Department of State
CAF, Chinese Air Force (Republic of China)
CAT, Civil Air Transport
CCAF, Chinese Communist Air Force
CCP, Chinese Communist Party
CERP, Comprehensive Economic Reporting Program
CG/COCOM, Paris Consultative Group of nations working to control export of strategic goods to Communist countries, Coordinating Committee of the Consultative Group
CGKCOMZ, Commanding General, Korean Communication Zone
CHINCOM, China Committee, a permanent working group of the Paris Consultative Group of nations working to control export of strategic goods to Communist countries
CIA, Central Intelligence Agency
CINCFE, Commander in Chief, Far East
CINCPAC, Commander in Chief, Pacific
CINCPACFLT, Commander in Chief, Pacific Fleet
CINCUNC, Commander in Chief, United Nations Command
CIO, Congress of Industrial Organizations
circ, circular
CNAF, Chinese Nationalist Air Force
COCOM, Coordinating Committee of the Paris Consultative Group of nations working to control export of strategic goods to Communist countries
COMFEAF, Commander, Far East Air Forces
COMNAV, Commander, Naval Forces
COMNAVFE, Commander, Naval Forces, Far East
ConGen, Consulate General; Consul General
Cotel, country team telegram
CPG, Chinese People's Government
CSF, Coastal Safety Forces (Japan)
CTF, Commander Task Force
D/I USAF, Director of Intelligence, United States Air Force
DA, Department of the Army
DD, destroyer
DDE, destroyer escort
DE, destroyer escort
Depom, Department operations memorandum
DeptAr, Department of the Army
Deptel, Department of State telegram
DL, Dalai Lama
DMS, Director for Mutual Security
Dulte, primarily a series indicator for telegrams from Secretary of State Dulles while absent from Washing-

ton; also used as series indicator for telegrams to him from the head of the U.S. Delegation at an international conference
ED, Investment and Economic Development Staff, Department of State
EDAC, Economic Defense Advisory Committee
EDC, European Defense Community
EDS, Economic Defense Staff, Department of State
Embtel, Embassy telegram
EPU, European Payments Union
ESB, Economic Stabilization Board (Republic of China)
ESS, Economic Section SCAP
ETA, estimated time of arrival
EUR, Bureau of European Affairs, Department of State
EW/GCI, early warning ground control intercept
EWR, early warning radar
EXCON, series indicator for telegrams concerning the work of the Paris Consultative Group or its subsidiary bodies
ExImBank, Export Import Bank
FCN, Friendship, Commerce, and Navigation (Treaty)
FE, Bureau of Far Eastern Affairs, Department of State
FEAF, Far East Air Forces
FEC, Far Eastern Commission; Far East Command
FECOM, Far East Command
FOA, Foreign Operations Administration
FonMin, Foreign Minister
FonOff, Foreign Office
fwdd, forwarded
FY, fiscal year
FYI, for your information
G, Office of the Deputy Under Secretary of State
G–2, Army or Marine general staff section dealing with intelligence at the divisional or higher level
GARIOA, Government and Relief in Occupied Areas
GATT, General Agreement on Tariffs and Trade
GCI, ground control intercept
GER, Bureau (from 1953, Office) of German Affairs, Department of State
GHQ, General Headquarters
GKI, Geneva Conference—Korea, Indochina
GNP, gross national product
GOI, Government of India
govtal, governmental
GRC, Government of the Republic of China
GRI, Government of the Ryukyu Islands
HQ, Headquarters
IAC, Intelligence Advisory Committee
IBRD, International Bank for Reconstruction and Development
IC, Indochina
ICFTU, International Confederation of Free Trade Unions
ICIS, Interdepartmental Committee on Internal Security
IRC, International Red Cross
ISAC, International Security Affairs Committee
JASF, Japanese Air Safety Force
JCRR, Joint (United States-Chinese) Commission on Rural Rehabilitation (Taiwan)
JCS, Joint Chiefs of Staff
JCSF, Japanese Coastal Safety Force
JFY, Japanese fiscal year (April 1–March 31)
JG, Japanese Government
JNPR, Japanese National Police Reserve
JNSA, Japanese National Safety Agency
JNSF, Japanese National Safety Force
JNPR, Japanese National Police Reserve
JSPD–JCS, Joint Subsidiary Plans Division, Joint Chiefs of Staff
L, Office of the Legal Adviser, Department of State
L/EUR, Assistant Legal Adviser for European Affairs, Department of State
L/GER, Assistant Legal Adviser for German Affairs, Department of State
LCM, landing craft, medium
LCVP, landing craft, vehicle-personnel
LSSL, landing ship, support (large)
LST, landing ship, tank
LVT, landing vehicle tracked
MAAG, Military Assistance Advisory Group
MAC, Military Armistice Commission
MATS, Military Air Transport Service
MC, Office of Munitions Control, Department of State
MDA, Mutual Defense Assistance
MDAA, Mutual Defense Assistance Act
MDAC, Mutual Defense Assistance Control
MDAP, Mutual Defense Assistance Program
MEA, Ministry of External Affairs

Mistel, Mission telegram
MITI, Japanese Ministry of International Trade and Industry
MND, Ministry of National Defense (Republic of China)
MSA, Mutual Security Act; Mutual Security Agency; Mutual Security Assistance
MSB, minesweeping craft
MSP, Mutual Security Program
mytel, my telegram
NA, Office of Northeast Asian Affairs, Department of State
NAC, National Advisory Council on International Monetary and Financial Problems
NATO, North Atlantic Treaty Organization
NDA, National Defense Agency (Japan)
NGRC, National Government of the Republic of China
niact, night action, communications indicator requiring attention by the recipient at any hour of the day or night
NIE, National Intelligence Estimate
noforn, security classification meaning no foreign distribution
NPR, National Police Reserve (Japan)
NSA, National Safety Agency (Japan)
NSC, National Security Council
NSF, National Safety Forces (Japan)
NT, New Taiwan (Republic of China currency)
OCB, Operations Coordinating Board
OCI, Office of Current Intelligence, Central Intelligence Agency
ODM, Office of Defense Mobilization
ODMS, Office of the Director of Mutual Security
OEEC, Organization for European Economic Cooperation
OFD, Office of Financial and Development Policy, Department of State
OIR, Office of Intelligence Research, Department of State
OMA, Office of Military Assistance, Department of Defense
opnal, operational
ORR, Office of Research and Reports, Department of State
OSP, offshore procurement
PC, participating country
PC, patrol vessel, submarine chaser
PCE, patrol craft, escort
PF, patrol vessel, frigate
plng, planning
POL, petroleum, oil, and lubricants
PolAd, United States Political Adviser (to SCAP)
Polto, series indicator for telegrams from the U.S. Special Representative in Europe (after June 12, 1953, the U.S. Permanent Representative on the North Atlantic Council)
PPC, People's Political Council (Republic of China, 1938–1948)
Pres US, President of the United States
PriMin, Prime Minister
psnl, personnel
PT, motor torpedo boat
PX, post exchange
RA, Office of European Regional Affairs, Department of State
RCT, Regimental Combat Team
reftel, reference telegram
reurmsg, concerning your message
ROC, Republic of China
ROK, Republic of Korea
ron, squadron
Ryokufukai, The Green Breeze Society (Japanese political grouping)
S, Office of the Secretary of State
S/MSA, Office of the Special Assistant to the Secretary for Mutual Security Affairs, Department of State
S/P, Policy Planning Staff, Department of State
S/S, Executive Secretariat of the Department of State
SAC, Strategic Air Command
SC, Security Council of the United Nations
SCAP, Supreme Commander for the Allied Powers in Japan
SE, Special Estimate
SEA, Southeast Asia
SEATO, Southeast Asia Treaty Organization
SecDef, Secretary of Defense
SOA, Office of South Asian Affairs, Department of State
Sohyo, General Council of Trade Unions (Japan)
SS, submarine
SWNCC, State–War–Navy Coordinating Committee
SYG, Secretary-General
T/A, technical assistance
T/E, table of equipment
T/O and E, table of organization and equipment
TDY, temporary duty
Tedul, primarily a series indicator for telegrams to Secretary of State Dulles while absent from Washington; also used as a series indicator for telegrams from Dulles to the head of

the U.S. Delegation at an international conference
TIAS, Treaties and Other International Acts Series
Topad, designation for telegraphic correspondence in either direction between the U.S. Political Adviser to SCAP and the Department of State
Topol, series indicator for telegrams to the U.S. Special Representative in Europe (after June 12, 1953, the U.S. Permanent Representative on the North Atlantic Council)
Tousfo, series indicator for telegrams to the Foreign Operations Administration in Washington from its missions abroad
transtip, transmittal slip
UC, Unified Command
UK, United Kingdom
UKHC, United Kingdom High Commissioner
UN, United Nations
UNC, United Nations Command
unn, unnumbered
UNO, United Nations Organization
UNSYG, United Nations Secretary-General
UP, Uttar Pradesh (India)
urmsg, your message
urtel, your telegram
USAF, United States Air Force
USCAR, United States Civil Administration of the Ryukyus
USDel, United States Delegation
USFJ, United States Forces in Japan
USG, United States Government
USIA, United States Information Agency
USPolAd, United States Political Adviser (to SCAP)
USSR, Union of Soviet Socialist Republics
UST, *United States Treaties and Other International Agreements*
WE, Western Hemisphere
Weeka, weekly, interagency, summary analysis from United States diplomatic missions
ZI, Zone of Interior

LIST OF PERSONS

EDITOR'S NOTE—This list is designed to provided ready reference for identification of those persons mentioned most frequently. The identification of the persons on this list is generally limited to positions and circumstances under reference in the volume and is confined to the years 1952–1954. All titles and positions are American unless otherwise indicated. Where no dates are given, the individual usually held the position throughout the period covered by the volume.

ACHESON, Dean G., Secretary of State to January 1953.

AICHI, Kiichi, Japanese parliamentary Vice Minister of Finance in 1953; Minister of International Trade and Industry, January–December 1954.

ALDRICH, Winthrop W., Ambassador in the United Kingdom from February 1953.

ALLEN, George V., Ambassador in India, May 1953–November 1954.

ALLISON, John M., Acting Assistant Secretary of State for Far Eastern Affairs, January 1952; Assistant Secretary, February 1952–April 1953; Ambassador in Japan from May 1953.

ANDERSON, Robert B., Secretary of the Navy, February 1953–May 1954; thereafter Deputy Secretary of Defense.

ARAKI, Eikichi, Japanese Ambassador in the United States, June 1952–March 1954.

BENSON, Ezra Taft, Secretary of Agriculture from January 1953.

BLACK, Eugene R., President and Chairman of the Executive Directors of the International Bank for Reconstruction and Development from 1949.

BOHLEN, Charles E., Counselor of the Department of State to March 1953; Ambassador in the Soviet Union from April 1953.

BOND, Niles W., Counselor of Mission in Japan to April 1952; Counselor of Embassy, April 1952–January 1953; Counselor of Embassy in Korea, January 1953–August 1954; thereafter Deputy Director, Office of United Nations Political and Security Affairs, Department of State.

BOWIE, Robert R., Director of the Policy Planning Staff, Department of State, from May 1953.

BOWLES, Chester, Ambassador in India to March 1953.

BRADLEY, General of the Army Omar N., Chairman of the Joint Chiefs of Staff to August 1953.

BRENT, Joseph L., Deputy Director of the Foreign Operations Administration Mission, Republic of China, July 1953–March 1954; thereafter Director.

BRUCE, David K.E., Under Secretary of State, April 1952–January 1953; Consultant to the Secretary of State, January–February 1953; thereafter United States Representative to the European Coal and Steel Community.

CARNEY, Admiral Robert B., United States Navy, Commander in Chief, United States Naval Forces, Eastern Atlantic and Mediterranean, 1952; Commander in Chief, Allied Forces Southern Europe, 1952–1953; Chief of Naval Operations from August 1953.

CHASE, Major General William C., United States Army, Chief, Military Assistance Advisory Group, Formosa.

CH'EN CH'ENG, President of the Executive Yuan (Premier), Republic of China, to May 1954; thereafter Vice President of the Republic of China.

CHIANG CHING-KUO, Lieutenant General, Director of the Political Department, Ministry of National Defense, Republic of China, to June 1954; Deputy Secretary General, National Defense Council, after September 1954.

CHIANG KAI-SHEK, Generalissimo, President of the Republic of China.

CHOU CHIH-JOU, General, Chief of General Staff, Chinese Armed Forces, Republic of China, to July 1954; thereafter Secretary General, National Defense Council.

CHOU EN-LAI, Premier of the Government Administration Council (after September 1954, State Council) and Minister of Foreign Affairs, People's Republic of China; Head of the People's Republic of China Delegation at the Geneva Conference.

CHURCHILL, Winston S. (Sir Winston from April 24, 1953), Prime Minister of the United Kingdom.

CHU TE, Commander in Chief, People's Liberation Army, People's Republic of China, to September 1954; thereafter Vice Chairman, Central People's Government Council, and Vice Chairman of the People's Republic of China.

CLARK, General Mark W., United States Army, Commander in Chief, Far East, Commander in Chief, United Nations Command (Korea), and Governor of the Ryukyu Islands, May 1952–August 1953.

COLLINS, General James Lawton, United States Army, Chief of Staff, United States Army, to August 1953.

CUTLER, Robert, Administrative Assistant to President Eisenhower, January–March 1953; thereafter Special Assistant to the President for National Security Affairs.

DIEHL, William W., a senior official in the Economic Section of Supreme Command, Allied Powers, Japan to April 1952; thereafter Treasury Attaché at the Embassy in Japan.

DODGE, Joseph M., Financial Adviser (with the personal rank of Minister) to the Supreme Commander, Allied Powers, Japan until April 1952; Consultant to the Secretary of State, August 1952–January 1953; Director of the Bureau of the Budget, January 1953–April 1954.

DRUMRIGHT, Everett F., Counselor of Embassy in India to November 1952; Consul General at Bombay, November 1952–September 1953; Deputy Assistant Secretary of State for Far Eastern Affairs, October 1953–October 1954; Consul General in Hong Kong from December 1954.

DULLES, Allen W., Deputy Director of Central Intelligence to January 1953; thereafter Director.

DULLES, John Foster, Consultant to Secretary of State Acheson and personal representative of President Truman in matters concerning the Japanese Peace Treaty to April 1952; Secretary of State from January 1953.

EDEN, Sir Anthony, British Secretary of State for Foreign Affairs.

EISENHOWER, Dwight D., General of the Army to July 1952, Supreme Allied Commander, Europe to May 1952; President of the United States from January 1953.

FECHTELER, Admiral William M., United States Navy, Chief of Naval Operations to August 1953; thereafter Commander in Chief, Allied Powers, Southern Europe.

FINN, Richard B., Third Secretary at the Mission in Japan to February 1952; Second Secretary to April 1954; thereafter Acting Officer in Charge of Japanese Affairs, Office of Northeast Asian Affairs, Department of State.

FLEMMING, Arthur S., Director of the Office of Defense Mobilization from January 1953.

FOSTER, William C., Deputy Secretary of Defense to January 1953.

FRANKS, Sir Oliver S., British Ambassador in the United States to February 1953.

GASTON, Herbert, Chairman of the Export-Import Bank until 1954.

GAY, Merrill C., Economic Adviser, Bureau of Far Eastern Affairs, Department of State, to September 1953; thereafter Officer in Charge of Economic Affairs, Office of Near Eastern Affairs.

GIFFORD, Walter S., Ambassador in the United Kingdom to January 1953.

GLEASON, S. Everett, Deputy Executive Secretary of the National Security Council.

HAGERTY, James C., Press Secretary to President Eisenhower from January 1953.

HAMMARSKJOLD, Dag, Secretary-General of the United Nations from April 1953.

HAMES, John W., Personal Assistant to Secretary of State Dulles.

HARRIMAN, W. Averell, Director for Mutual Security to January 1953.

HARRINGTON, Julian F., Minister of Embassy in the Philippines from March 1951; Minister and Consul General in Hong Kong, July 1952–December 1954.

HATOYAMA, Ichiro, member of the Japanese Diet and a leader of the Liberal Party; Prime Minister of Japan from December 1954.

HEMMENDINGER, Noel, Officer in Charge of Economic Affairs, Office of Northeast Asian Affairs, Department of State, to September 1954; thereafter Acting Deputy Director, Office of Northeast Asian Affairs.

HICKEY, Lieutenant General Doyle O., United States Army, Chief of Staff, United Nations Command, and Chief of Staff, Far East Command to 1953.

HOOVER, Herbert, Jr., Consultant to the Secretary of State from October 1953; Under Secretary of State from October 1954.

HUANG HUA, Counselor, Ministry of Foreign Affairs, People's Republic of China, 1953–1954; adviser and spokesman, People's Republic of China Delegation at the Geneva Conference, 1954; Head of the West European and African Affairs Department, Ministry of Foreign Affairs, from September 1954.

HULL, General John E., United States Army, Vice Chief of Staff for Operations and Administration, United States Army to October 1953; thereafter Commander in Chief, Far East; Commander in Chief, United Nations Command; and Governor of the Ryukyu Islands.

HUMPHREY, George M., Secretary of the Treasury from January 1953.

IGUCHI, Sadao, Japanese Vice Minister of Foreign Affairs, 1952; Japanese Ambassador in Canada to March 1954; thereafter Ambassador in the United States.

IKEDA, Hiyato, Japanese Minister of Finance to October 1952; Minister of International Trade and Industry, October–November 1952; Personal Representative of the Japanese Prime Minister, October–November 1953; Secretary General of the Liberal Party from July 1954.

IZEKI, Yujiro, Head of the International Cooperation Bureau, Japanese Ministry of Foreign Affairs.

JENKINS, Alfred LeS., Second Secretary of Embassy in the Republic of China to March 1952; Office of Chinese Affairs, Department of State, March 1952–January 1953; thereafter Officer in Charge of Political Affairs, Office of Chinese Affairs; Adviser to the United States Delegation at the Geneva Conference.

JOHNSON, Earl D., Assistant Secretary of the Army (Manpower and Reserve Forces), 1952; Under Secretary of the Army, 1952–1954.

JOHNSON, U. Alexis, Deputy Assistant Secretary of State for Far Eastern Affairs to October 1953; Ambassador in Czechoslovakia from December 1953; United States Coordinator for the Geneva Conference, 1954.

JONES, Howard P., Counselor of Embassy in the Republic of China to March 1954; Counselor of Embassy and Director of the Foreign Operations Administration Mission in Indonesia from June 1954.

KEY, David McK., Assistant Secretary of State for United Nations Affairs (after August 1954, International Organization Affairs) from December 1953.

KIMURA, Tokutaro, Japanese Attorney General to August 1952; Minister of Justice, August–October 1952; Director of the National Safety Agency, October 1952–May 1953; Director of the National Public Safety Agency, May 1953–July 1954; Director of the National Defense Agency, July–December 1954.

KNOWLAND, Senator William F., of California, Senate Majority Leader from January 1953.

KOO, Dr. V.K. Wellington, Ambassador of the Republic of China in the United States.

KYES, Roger M., Deputy Secretary of Defense, February 1953–May 1954.

LAMB, Lionel Henry, British Chargé d'Affaires in the People's Republic of China to June 1953.

LAWTON, Frederick J., Director of the Bureau of the Budget to January 1953.

LAY, James S., Jr., Executive Secretary of the National Security Council.

LEWIS, General J.M., United States Army, United States Civil Administrator of the Ryukyu Islands, 1952–1953.

LINDER, Harold F., Deputy Assistant Secretary of State for Economic Affairs to December 1952; Assistant Secretary of State for Economic Affairs, December 1952–May 1953.

LIU SHAO-CH'I, Vice Chairman, Central People's Government Council, People's Republic of China, to September 1954; thereafter Chairman of the Standing Committee of the National People's Council.

LODGE, Henry Cabot, Jr., United States Representative at the United Nations from January 1953.

LOURIE, Donold B., Under Secretary of State for Administration, February 1953–March 1954.

LOVETT, Robert A., Secretary of Defense to January 1953.

MACARTHUR, Douglas, II, Counselor of Embassy in France to October 1952; Counselor of the Department of State from March 1953.

MAKINS, Sir Roger M., British Deputy Under Secretary of State for Foreign Affairs to January 1953; thereafter British Ambassador in the United States.

MAO TSE-TUNG, Chairman, Central People's Government Council, People's Republic of China to September 1954; thereafter, Chairman of the People's Republic of China.

MARTIN, Edwin W., Acting Officer in Charge of Political Affairs, Office of Chinese Affairs, Department of State, to January 1953; thereafter Deputy Director, Office of Chinese Affairs.

MATTHEWS, H. Freeman, Deputy Under Secretary of State for Political Affairs to October 1953; Ambassador in the Netherlands from November 1953.

MCCLURKIN, Robert J.G., Deputy Director, Office of Northeast Asian Affairs, Department of State, to September 1954; thereafter Acting Director.

MCCONAUGHY, Walter P., Consul General in Hong Kong to June 1952; thereafter Director, Office of Chinese Affairs, Department of State.

MCDERMOTT, Michael J., Special Assistant for Press Relations in the Office of the Secretary of State until 1953; Ambassador in El Salvador, June 1953–September 1954.

MCWILLIAMS, William J., Director of the Executive Secretariat, Department of State to March 1953.

MERCHANT, Livingston T., Special Assistant to the Secretary of State for Mutual Security Affairs to March 1952; Deputy to the United States Special Representa-

tive in Europe, March 1952–March 1953; thereafter Assistant Secretary of State for European Affairs.

MINNICH, L. Arthur, Assistant Staff Secretary in the White House from January 1953.

MUNRO, Leslie Knox, New Zealand Ambassador in the United States from February 1952.

MURPHY, Robert D., Ambassador in Belgium to March 1952; Ambassador in Japan, May 1952–April 1953; Political Adviser to the United Nations Command on the Korean Armistice Negotiations, April–July 1953; Assistant Secretary of State for United Nations Affairs, July–November 1953; thereafter Deputy Under Secretary of State for Political Affairs.

NASH, Frank C., Assistant to the Secretary of Defense for International Security Affairs to February 1953; Assistant Secretary of Defense for International Security Affairs, February 1953–February 1954.

NEHRU, Pandit Jawaharlal, Prime Minister of India and Minister for External Affairs and Commonwealth Relations.

NISHIMURA, Kumao, Chief of the Treaty Bureau, Japanese Ministry of Foreign Affairs, in 1952; thereafter Japanese Ambassador in France.

NITZE, Paul H., Director of the Policy Planning Staff, Department of State, to April 1953.

NIXON, Richard M., Senator from California to January 1953; thereafter Vice President of the United States.

O'CONNOR, Roderic L., Special Assistant to the Secretary of State from January 1953.

OGASAWARA, Sankuro, Japanese Minister of International Trade and Industry, November 1952–May 1953; Minister of Finance, May 1953–December 1954.

OGATA, Taketora, Chief Secretary of the Japanese Cabinet, October–November 1952; Vice Premier of Japan, November 1952–December 1954; President of the Japanese Liberal Party in 1954.

OHLY, John H., Assistant Director for Programs in the Office of the Director for Mutual Security, April 1952–March 1953; Deputy to the Director for Program Coordination, Mutual Security Agency, March–October 1953; Deputy Director for Programs and Planning, Foreign Operations Administration, from October 1953.

OKAZAKI, Katsuo, Japanese Minister of State to April 1952; Minister of Foreign Affairs, April 1952–December 1954.

OKUMURA, Katsuzo, Japanese Vice Minister for Foreign Affairs, 1952–1954.

PANIKKAR, K.M., Indian Ambassador in the People's Republic of China to July 1952.

PARSONS, J. Graham, Deputy Director, Office of European Regional Affairs, Department of State, to May 1952; Acting Director, May 1952–July 1953; Counselor of Embassy in Japan from July 1953.

PERKINS, George W., Assistant Secretary of State for European Affairs to January 1953.

PHLEGER, Herman, Legal Adviser, Department of State, from February 1953.

RADFORD, Admiral Arthur W., United States Navy, Commander in Chief, Pacific, to July 1953; Chairman of the Joint Chiefs of Staff from August 1953.

RANKIN, Karl Lott, Chargé d'Affaires in the Republic of China to April 1953; thereafter Ambassador.

RHEE, Syngman, President of the Republic of Korea.

RIDGWAY, General Matthew B., United States Army, Commander in Chief, Far East, and Commander in Chief, United Nations Command (Korea) to May 1952; Supreme Allied Commander, Europe, May 1952–May 1953; Chief of Staff, United States Army from August 1953.

ROBERTSON, Walter S., Assistant Secretary of State for Far Eastern Affairs from April 1953.

RUSK, Dean, attached to the Office of the Secretary of State, January 1952; Special Representative of President Truman with personal rank of Ambassador, January–March 1952.

SCHENCK, Hubert G., Director of the Mutual Security Agency Mission (from July 1953, Foreign Operations Administration Mission) in the Republic of China to March 1954.

SCOTT, Sir Robert H., Minister of the British Embassy in the United States from July 1953.

SCOTT, Walter K., Deputy Assistant Secretary of State for Administration to March 1954; thereafter Director, Executive Secretariat.

SEBALD, William J., United States Political Adviser to the Supreme Commander, Allied Powers, Japan until April 1952; Ambassador in Burma, July 1952–July 1954; Deputy Assistant Secretary of State for Far Eastern Affairs from November 1954.

SHIGEMITSU, Mamoru, President of the Japanese Progressive Party; Minister of Foreign Affairs from December 1954.

SMITH, Walter Bedell, Director of Central Intelligence to January 1953; Under Secretary of State, February 1953–October 1954.

SNOW, Conrad E., Assistant Legal Adviser for Far Eastern Affairs, Department of State.

STASSEN, Harold E., Director for Mutual Security from January 1953; from July 1953, Director of Foreign Operations.

STUMP, Admiral Felix B., United States Navy, Commander in Chief, Pacific from July 1953.

SULLIVAN, Charles A., Chief, Northeast Asian Section, Office of Foreign Military Affairs, Department of Defense, 1953; thereafter Director of that Office's Policy Division.

TAKEUCHI, Ryuji, Chief of the Japanese Government Overseas Agency in the United States to April 1952; Japanese Chargé d'Affaires in the United States, April–June 1952; Minister of the Embassy in the United States until 1954; Chief, Bureau of European and American Affairs, Japanese Ministry of Foreign Affairs, 1954.

TOMLINSON, Frank S., Counselor of the British Embassy in the United States to December 1954.

TREVELYAN, Humphrey, British Chargé d'Affaires in the People's Republic of China from August 1953.

TRUMAN, Harry S., President of the United States to January 1953.

TSIANG, Dr. Tingfu F., Representative of the Republic of China at the United Nations.

TWINING, General Nathan F., United States Air Force, Vice Chief of Staff, United States Air Force, to June 1953; thereafter Chief of Staff.

VANDENBERG, General Hoyt S., United States Air Force, Chief of Staff, United States Air Force to June 1953.

WAINHOUSE, David W., Director, Office of United Nations Political and Security Affairs, Department of State, to February 1954; Deputy Assistant Secretary of State for United Nations Affairs (after August 1954, International Organization Affairs) from February 1954.

WANG PING-NAN, Director of the Foreign Ministry Staff Office, People's Republic of China, 1952–1954; Secretary General of the People's Republic of China Delegation at the Geneva Conference, 1954; Assistant Minister of Foreign Affairs from October 1954.

WARING, Frank A., Counselor of Mission (from April 1952, of Embassy) for Economic Affairs in Japan.

WEBB, James E., Under Secretary of State to February 1952.

WEEKS, Sinclair, Secretary of Commerce from January 1953.

WILSON, Charles E., Secretary of Defense from January 1953.

YEH, George K.C. (Yeh Kung-ch'ao), Minister of Foreign Affairs, Republic of China.

YOSHIDA, SHIGERU, Japanese Prime Minister and Minister of Foreign Affairs to April 1952; continued as Prime Minister to December 1954.

YOUNG, Kenneth T., Director, Office of Northeast Asian Affairs, Department of State, from March 1952; Acting Director, Office of Philippine and Southeast Asian Affairs from September 1954.

YU TA-WEI, Special Assistant to the Ambassador of the Republic of China in the United States to 1953; Minister of National Defense, Republic of China, from May 1954.

YUI, O.K. (YÜ HUNG-CHÜN), Governor of Taiwan, April 1953–June 1954; President of the Executive Yuan (Premier), Republic of China, from May 1954.

THE CHINA AREA

U.S. POLICY WITH REGARD TO THE PEOPLE'S REPUBLIC OF CHINA AND THE REPUBLIC OF CHINA; U.S. RELATIONS WITH THE REPUBLIC OF CHINA

I. JANUARY–DECEMBER 1952: REVIEW OF U.S. POLICY WITH REGARD TO TAIWAN AND ASSISTANCE TO CHINESE NATIONALIST FORCES; DIPLOMATIC EFFORTS ON BEHALF OF U.S. NATIONALS IMPRISONED IN CHINA; U.S. EFFORTS TO TIGHTEN MULTILATERAL RESTRICTIONS ON TRADE WITH THE PEOPLE'S REPUBLIC OF CHINA

No. 1

Editorial Note

Previous documentation on the China area is presented in *Foreign Relations*, 1951, volume VII, Part 2. For related documentation, see volume XII, Part 1, pages 1 ff., and volumes XIII, XV, and XVI. For documentation concerning the question of Chinese representation in the United Nations, see volume III, pages 620 ff., and for documentation on United States attempts to control East-West trade, see volume I, Part 2, pages 817 ff.

No. 2

Editorial Note

The text of an agreement concerning United States economic and military assistance to the Republic of China, effected by an exchange of notes signed at Taipei on December 29, 1951 and January 2, 1952, is printed in Department of State Treaties and Other International Acts Series (TIAS) 2604 or *United States Treaties and Other International Agreements* (UST), volume 3 (pt. 4), page 4543.

No. 3

441.9331/1–852

Memorandum by the Secretary of State to the British Secretary of State for Foreign Affairs (Eden)

CONFIDENTIAL [WASHINGTON,] January 8, 1952.

At the President's direction I submit this memorandum following the discussion between the President and the Prime Minister, with ourselves present, held on Saturday night, January 5th, aboard the *Williamsburg*, on the subject of China trade. [1]

The President expressed himself as seriously concerned over indications that the United Kingdom was continuing to give substantial assistance to Communist China through trade in strategic and other materials from British sources or carried on British flag vessels.

The information furnished the President by the Chief of Naval Operations, [2] upon which he based his remarks, is as follows:

Between 1 July 1950 and 30 November 1951 a total of at least 167 British registered and British owned merchant ships have engaged in trade with Communist China. The total gross tonnage of these ships is over one million. British controlled shipping accounted for over half of the non-Communist registered shipping tonnage in the China trade in this period.

There are at least 163 ships registered in other non-Communist countries which were, between 1 July 1950 and 30 November 1951, engaged in trade with Communist China. The total gross tonnage of these ships is slightly less than one million.

Over the period stated above, the monthly average of voyages of British ships engaged in the China trade has been forty-eight. Since mid-summer there has been a reduction in the number of monthly voyages of these ships. In September there were thirty-six, in October thirty-one and in November thirty. This decrease in British owned tonnage is partially offset by an increase in Communist flag traffic to China, especially Polish. Communist charters of British registered shipping to handle normal trade to India and South America has released Polish flag vessels for the China trade. In addition continuing Communist ship purchases are being employed almost exclusively in China trade.

We estimate that Communist China imported a minimum of 600,000 short tons per month by ship during 1951. This compares with an estimated monthly eastbound capacity for the Trans-Siberian Railroad of 670,000 short tons.

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[1] President Truman and British Prime Minister Winston Churchill held discussions in Washington, Jan. 5–8 and Jan. 18; for related documentation, see volume VI.

[2] Adm. William N. Fechteler.

Although the voyages of British registered and owned ships in the China trade have decreased in the last few months, British citizens have sold to the Soviet bloc at least twelve ships through intermediaries. Negotiations are believed to be currently underway for the sale of at least four others.

Regardless of whether the cargo which is being delivered to China by sea comprises material which directly contributes to the war effort, it is clear that the interdiction of this sea-borne traffic would have a serious and probably critical effect on the Chinese economy which would, of course, directly affect China's war making potential. In the absence of a sea-borne traffic China could not import more than a very small part of the equivalent tonnage by overland routes. The major route is, of course, the Trans-Siberian Railroad which is probably now already operating to near capacity. [3]

I would appreciate it if the appropriate authorities of your Government could look into the situation and take such measures as appear suitable in the circumstances. [4]

DEAN ACHESON

[3] The preceding paragraphs were excerpted from a memorandum of Jan. 2 from Admiral Fechteler to the President. (Truman Library, Truman papers, PSF–General file)

[4] Subsequent discussions in Washington led to the preparation of a joint U.S.-British study of Apr. 17, 1952, on the effectiveness of trade controls against Communist China; the study has not been found in Department of State files, but see Acheson's memorandum to the President, Document 54.

No. 4

Editorial Note

On January 26, the Chinese Representative at the United Nations, Tingfu F. Tsiang, submitted to the First Committee of the General Assembly a draft resolution (a revision of a draft resolution originally proposed by China at the Fourth Session of the General Assembly in 1949) whereby the General Assembly would determine that the Soviet Union had "violated" the Sino-Soviet Treaty of August 14, 1945. On January 29, the First Committee adopted the draft resolution, as modified by a Thai amendment which substituted the words "failed to carry out" for the word "violated"; for the Committee's report, see UN document A/2098. On February 1, the General Assembly adopted the resolution submitted by the First Committee by 25 votes to 9, with 24 abstentions, as Resolution 505 (VI); for text, see UN document A/2119, page 4. The text of a statement made in the First Committee on January 28 by United States Delegate John Sherman Cooper in support of the resolution is printed in Department of State *Bulletin*, February 11, 1952,

pages 219–224. For previous documentation relating to the resolution, see *Foreign Relations*, 1949, volume II, pages 144–233, and *ibid.*, 1951, volume VII, Part 2, page 1851.

No. 5

794A.5 MSP/2-452: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State

SECRET TAIPEI, February 4, 1952—8 p.m.

972. Gen Chase and his Air Section Chief Col Rector left Taipei today via Tokyo for TDY in Washington connection recruitment mil personnel for MAAG and matériel procurement.

Request Dept extend all possible assistance to Chase and Rector in expediting arrival both personnel and equip. MAAG now well set up as regards HQ and gen organization but needs remainder auth complement to complete teams actually working with Chi units. They shld be able show results out of all proportion to number involved.

While early arrival addit equip urgent from purely mil standpoint this no less important politically. Well-known in Chi mil and civil circles that US has contemplated mil aid to Formosa for FYs 1951 and 1952 approximating US $300 million which covered by funds already appropriated by Cong. Yet with less than five months remaining of these two fiscal years, actual arrivals in Formosa of mil equip supplied under US aid programs amount to approx $25 million.

While aware of tremendous demands on US stocks and production to meet urgent needs at home and in many foreign countries, officials and public here are wondering whether Formosa being relegated to minor position as regards mil aid in contrast to prospects few months ago. This problem more serious because comparatively few shipments to date consist of items one can [garble]. For example, although fighter aircraft have been at or near top of priority list from the start, and there has been no question of delivering other than World War II planes from moth ball stocks, not a single plane has yet been shipped to Formosa. Moreover, latest report is that first lot earmarked for Chi Govt has been switched to Tito. Chi seem not have heard this report but may shortly and repercussions shld be expected.

Doubtless good reasons exist for above sitn but it emphasizes importance of expediting shipments, particularly of items to impress

public and rank and file of armed forces. Old problem of need for mutual confidence between US and Chi Govt requires treatment which arrival of arms wld provide in most effective fashion.

RANKIN

No. 6

S/S–NSC files, lot 63 D 351

Report to the President by the National Security Council [1]

SECRET WASHINGTON, February 6, 1952.
NSC 122/1

UNITED STATES EXPORT LICENSING POLICY TOWARD HONG KONG AND MACAO

OBJECTIVES

United States export licensing policy to Hong Kong and Macao should serve to insure that the aims set forth in NSC 104/2,[2] of limiting Soviet bloc access to strategic and critical commodities and of denying any United States exports to Communist China, Manchuria, and North Korea, are not frustrated, while at the same time permitting Hong Kong and Macao to receive United States exports to meet essential minimum short-term requirements for local consumption and for the continuation by Hong Kong of mutually beneficial transshipment or resale of United States commodities to non-Soviet bloc areas.

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[1] A covering note of Feb. 6 to the National Security Council from Acting Executive Secretary S. Everett Gleason states that NSC 122/1, a revision of NSC 122, a report by the Secretary of Commerce, Jan. 18, not printed, had been approved on Feb. 6 by the National Security Council, the Secretaries of the Treasury and Commerce, and the Director of Defense Mobilization, who accordingly were submitting it to the President with the recommendation that he approve the Objectives and Recommendations contained therein and direct their implementation by appropriate executive departments and agencies under the coordination of the Secretary of Commerce. A memorandum of Feb. 7 from Gleason to the National Security Council states that on that date the President had so approved and directed. (S/S–NSC files, lot 63 D 351, NSC 122 file)

[2] NSC 104/2, "U.S. Policies and Programs in the Economic Field Which May Affect the War Potential of the Soviet Bloc", Apr. 4, 1951, adopted by the National Security Council on Apr. 11, 1951, is printed in *Foreign Relations*, 1951, vol. I, p. 1059.

RECOMMENDATIONS

I. United States Licensing Policy for Hong Kong

A. *Treatment of Rated and/or Short Supply Items on Positive List and Non-Positive List I–C Items.* [3]

1. *Rated Items (Items on U.S. Security Lists)*

a. *International List I (including the Munitions List and Atomic Energy Items)*

Items on International List I, the Munitions List and Atomic Energy items, which have been embargoed to the Soviet Bloc by Hong Kong, may be licensed, where supplies are available, to the extent necessary to meet essential minimum short-term requirements in Hong Kong, and for transshipment or resale to meet similar requirements in non-Soviet bloc destinations, provided shipments to Hong Kong do not involve stockpiling beyond normal requirements, important industrial expansion, or other questionable security risks.

b. Items on United States List IA, II, IIB, and IC may be licensed within the limits of availability, to meet essential minimum short-term requirements for local consumption in Hong Kong and for transshipment or resale to meet similar requirements in non-Soviet bloc destinations, provided shipments do not involve stockpiling beyond normal requirements, important industrial expansion or other questionable security risks and, provided the United Kingdom Government agrees to impose or has imposed and maintains at Hong Kong an embargo on the shipment of these or identical items to Communist China and North Korea or has explained satisfactorily why such action cannot be taken. Otherwise export should be denied unless it is found that the granting of the license would be of a net security advantage to the United States.

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[3] The lists under reference were among the lists of items subject to U.S. export controls; there were, in addition, three lists of items subject to export controls by the countries participating in the Coordinating Committee (COCOM) of the Paris Consultative Group of nations working to control export of strategic goods to Communist countries. International List I consisted of items embargoed to the Soviet bloc by the COCOM participants; items on International List II were subject to quantitative controls; and items on International List III were subject to surveillance and exchange of information between the COCOM countries. U.S. Lists I and I–A consisted of items which the United States considered of primary strategic significance and embargoed to the Soviet bloc; List I was identical to International List I, while List I–A consisted of items embargoed by the United States but not by all the COCOM countries. U.S. Lists II and II–B consisted of items of secondary strategic significance, the export of which was highly restricted; List II included all items (except those on U.S. List I–A) on International List II, while II–B included items not on International List II. U.S. List I–C included items not on the lists mentioned above which might support military activity; their export to the Soviet bloc was restricted. The Positive List was the official public list issued by the Department of Commerce of items, the export of which to all, or most, destinations required a validated license issued by the Office of International Trade of the Department of Commerce; it included all the items on the U.S. security lists, except for a few on the I–C list, and all items controlled for reasons of short supply.

For documentation concerning general U.S. trade restrictions on the Soviet bloc and U.S. participation in COCOM, see vol. I, Part 2, pp. 817 ff.

c. No rated item should be approved for export to Hong Kong where that item or an identical item is utilized in Hong Kong as a raw material or as capital equipment in the production of any item a significant quantity of which is being exported to Communist China, North Korea, Macao or Far Eastern destinations of the U.S.S.R.

d. Shipments to Hong Kong of any rated items should be denied where there is probability that unauthorized diversion of these shipments, directly or indirectly, to the Soviet bloc may occur; or that shipments of like items from other sources are being diverted in significant amounts.

2. *Short Supply Items on the U.S. Positive List*

a. Items on the United States Positive List for reasons of short supply shall be licensed, within the limits of availability, to meet minimum essential short-term local requirements for Hong Kong, or for non-Soviet bloc areas for which Hong Kong is normally a transshipment center, such requirments to be determined in accordance with the usual procedures in effect for non-Soviet bloc countries, taking into consideration Hong Kong's other sources of supply and Hong Kong's exports, authorized or unauthorized, of such items to all destinations. However, items in short supply which are also on any United States strategic list shall also be subject to the appropriate provisions of Section I-A-1, above.

b. No item on the Positive List for reasons of short supply should be approved for export to Hong Kong where that item or an identical item is utilized in Hong Kong as a raw material or as capital equipment in the production of any item a significant quantity of which is being exported to Communist China, North Korea, Macao or Far Eastern destinations of the U.S.S.R.

c. Shipments to Hong Kong of all items on the Positive List for reasons of short supply should be denied where there is probability that unauthorized diversion of these shipments, directly or indirectly, to the Soviet bloc may occur.

3. *Shipments by Hong Kong to Macao*

Shipments by Hong Kong to Macao are to be treated as shipments to Communist China unless they are determined by the United States to be necessary to meet minimum essential short-term requirements for local consumption in Macao.

B. *Treatment of Residual Items*

1. All other items should normally be licensed to Hong Kong, to meet short-term requirements for local consumption and for transshipment or resale to non-Soviet bloc countries.

2. Shipments of any item in this category should be denied where this item or any identical item is utilized in Hong Kong for the production of any item a significant quantity of which is being exported directly or indirectly to Communist China, North Korea, Macao or Far Eastern destinations of the U.S.S.R.

3. Shipments of such commodities should be denied where there is evidence that such shipments will be transshipped to Communist China, North Korea, or Far Eastern destinations of the U.S.S.R.

II. United States Licensing Policy for Macao

A. *Treatment of Rated and/or Short Supply Items appearing on the Positive List and I–C Items not on the Positive List.*

Exports of items in this category directly or via Hong Kong to Macao shall be denied except where they are judged to fall within the limits of availability and (a) are found necessary to meet minimum essential short-term local requirements; (b) are supported by formal requests of the Portuguese government, backed by evidence of Macao's total requirements and proposed sources of supply; and (c) and investigation had demonstrated that there is no likelihood the proposed export will be made available to the Soviet bloc.

B. *Treatment of Residual Items*

1. All other items may be licensed directly or via Hong Kong to Macao only to meet demonstrated minimum short-term requirements for local consumption.

2. Shipments of such commodities should be denied, however, where there is evidence that they will be transshipped, directly or indirectly, to Communist China, North Korea or Far Eastern destinations of the U.S.S.R.

3. Shipments of any such item should also be denied, however, where this item or any identical item is utilized in Macao for the production of any item which is being exported, directly or indirectly, to Communist China, North Korea or Far Eastern destinations of the U.S.S.R.

No. 7

611.93 B/2–1352

Memorandum of the Substance of a Conversation, by William O. Anderson of the Office of Chinese Affairs

TOP SECRET [WASHINGTON,] February 13, 1952.

Present: Mr. Allison, FE, Tak Tser, [1] Mr. Perkins and Mr. Anderson, CA, Mr. Weil, SOA, [2] Mr. Hussey and Mr. Eckvall, FE/PC.

Mr. Allison:

US has followed closely developments in Tibet and deeply sympathizes with misfortunes of Tibetan people. With reference to most

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[1] Brother of the Dalai Lama. The Dalai Lama was the traditional, spiritual, and temporal ruler of Tibet.

[2] T. Eliot Weil, Deputy Director of the Office of South Asian Affairs.

recent secret letter from Dalai Lama to Tak Tser, [3] Mr. Allison wished to assure Tak Tser that the US fully understands difficult situation in which Dalai Lama finds himself, is not vexed at Dalai Lama's decision to adjust temporarily to superior force and wishes to reassure Dalai Lama that US sympathy will continue. He said that US has not changed the position which was stated by his predecessor, Mr. Rusk. Mr. Allison stressed necessity for approaching present difficulties with courage and patience. He pointed out US sincerely sympathetic with Tibetan people for their loss of traditional religious and political freedom. Mr. Allison asked Tak Tser convey these thoughts to his brother, the Dalai Lama. He then asked for suggestions from Tak Tser as regards ways in which the US can be helpful.

Tak Tser:

Recapitulated compelling necessity that US not allow temporary adjustment of Dalai Lama to Communists to foster misunderstanding or to break present contact with Dalai Lama and Tibetan people through himself (Tak Tser). He assured Mr. Allison that Dalai Lama and the Tibetan people are now clinging to hope that "something" can be done "afterwards"; he stressed that continued friendship of US is critical in continuing that hope.

Mr. Allison:

Assured Tak Tser that US friendship and sympathy will continue. He explained his hope that fall of Tibet to Communists will resemble tactics of Japanese judo experts who fall in order to rise and gain the final victory.

Mr. Hussey:

Interjected summary of discussion which had occurred prior to Mr. Allison's arrival. He stated that Tak Tser felt that US should not invite undue attention to Tibet at this time through possible public statements.

Mr. Allison:

Stated that he was pleased to hear this view since he shared the same opinion.

Mr. Allison then took the opportunity to assure Tak Tser of his willingness to help him personally in any appropriate manner.

Tak Tser:

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[3] A copy of a portion of the letter, unsigned and undated, attached to a memorandum of Feb. 12 from Perkins to Allison, states that the Chinese had given no open indication that they wanted to suddenly change matters in Tibet or injure the Tibetans. Under the circumstances, since the Chinese were being correct and careful it seemed best to treat them in the same way, but the U.S. "official friends" should not feel vexed because of this, since Tibetan policy remained and would remain the same. It instructed Tak Tser to maintain contact with the Americans and not to allow misunderstanding or lack of confidence to develop between the United States and Tibet. (CA files, lot 59 D 228, folder 7p)

Thanked Mr. Allison and those present for their friendly reception July 1951, for their continued understanding of Tibetan problems and for their reassurances.

W.O. ANDERSON

No. 8

793.5 MSP/2-2052

Memorandum of Conversation, by Leonard H. Price of the Office of the Special Assistant for Mutual Security Affairs [1]

TOP SECRET [WASHINGTON,] February 20, 1952.

Subject: Conference with Major General William Chase, Chief of Military Assistance Advisory Group, Formosa

Participants: Major General Chase—Defense
Major St. John—Defense
John M. Allison—FE
Ambassador Cowen—S
John H. Ferguson—S/P
Troy L. Perkins—CA
Leonard H. Price—S/MSA
Ambassador Dulles—S (in part)
Charles E. Bohlen—C

Mr. Allison opened the conference by suggesting that General Chase review briefly items of interest which occurred to him in connection with his assignment in Formosa. He thought that this might serve as the basis for questions which could be directed to General Chase by other members in attendance.

General Chase stated that he would like to comment at the outset on the very good working relationships which existed among the Embassy, MAAG and the MSA group in Formosa. He also remarked that Minister Rankin enjoyed excellent relations with the Chinese Government personnel.

He felt that the operations of the MAAG group in Formosa were beginning to show results although a lot of work remained to be done. He felt, however, that it was worth the effort. He estimated that the cost of each soldier of the Chinese armed forces was about $300 for maintenance, training, etc. (This figure compares with an estimated $5,000 for each member of the United States Armed Forces.) General Chase thought that for 350,000 active members of

[1] Of the participants listed below, Myron M. Cowen, former Ambassador to the Philippines, was serving as a consultant to Secretary Acheson, and John H. Ferguson was Deputy Director of the Policy Planning Staff.

a potentially effective fighting force our investment in the training and equipment of these forces was a good one.

General Chase emphasized that the utility of the Chinese Nationalist forces was potential rather than actual. In this connection he estimated that compared with United States standards, the Chinese Nationalist Army was about 15 percent effective. He rated the Air Force at 25 percent and the Navy at 10 percent. With respect to the Logistic Branch of the Combined Services, he thought that minus 10 percent was an accurate estimate.

General Chase commented on a remark which he understood Mr. Dulles had made to the Press to the effect that the Chinese Nationalist forces were a rapidly deteriorating element which would soon cease to exist as a potential fighting force. General Chase said that, personally, he felt that the Chinese Nationalist forces were a potentially effective fighting force. He pointed out in this connection that the average age of Chinese troops was 27 years, which, he said, was four years younger than the average age of the troops in the division which he commanded during World War II. Mr. Dulles did not recall making any statements corresponding to those indicated by General Chase, and suggested that perhaps certain statements which he had made on the general subject of ChiNat forces had been reported erroneously.

Mr. Bohlen inquired whether a combined attack of amphibious and paratroop forces from Red China would be successful on Formosa. General Chase said that at the present time such a combined attack would stand a reasonable chance of success even with the presence of the United States Seventh Fleet. He said this would be particularly true if simultaneously North Korea and Red China operations in Korea were reactivated on a substantial basis. He felt, however, that a single operation, either by paratroop or by an amphibious landing, could be successfully withheld by the Chinese forces on Formosa. He thought that in view of these contingencies movements of troops, planes and supplies in Red China should be watched very carefully. With further reference to the possibility of an attack from the Chinese mainland, General Chase estimated that the Chinese forces could withstand a combined attack for about 7 to 9 days. He commented in this connection that the supply situation was particularly bad and basic principles of operation applied with respect to the movement of their armies and divisions were also inadequate and out of date. He expressed the view that, in the event of an emergency, logistics and brain power would have to be supplied by the United States.

General Chase commented that as one precaution against surprise attacks there were a number of radar stations on Formosa which were operational although not the most modern. He said

that other precautions lay in occasional reconnaissance flights by aircraft from the Seventh Fleet and from the Chinese Air Force.

Mr. Bohlen inquired whether in the event of a major attack there would be much defection on the part of Chinese Nationalist forces. General Chase replied in the negative, adding that, while absence from their homes on the mainland was a psychological disadvantage, nevertheless he felt that the morale of Chinese forces was satisfactory or better and that given proper training they would fight well and remain loyal.

Mr. Dulles inquired about the effectiveness of the Formosans. General Chase said that Formosa personnel was obtained by drafting rather than by voluntary enlistment but that, in his opinion, the Formosans accepted their lot with good grace and even developed some enthusiasm in their work in the armed forces. He remarked that Formosan troops had not proven to be very effective when used by the Japanese and that the latter had always employed them as service troops rather than front line soldiers.

Mr. Perkins inquired about the Chinese Nationalist troops now interned in Indochina. General Chase estimated the number of such troops and their families at around 30,000. He said that these were well-trained troops and it was very desirable that arrangements be made for their transfer to Formosa as soon as possible. He expressed the opinion that, in view of the efforts of the United States to assist the French in Indochina, there was ample leverage for the United States to ask for cooperation in the release of these troops.

Mr. Bohlen inquired with respect to General Chase's views on a Combined Chief of Staff arrangement in Formosa. General Chase said that he was very much in favor of such an arrangement inasmuch as it would give the United States representative in Formosa a much greater say in Chinese Nationalist activities and would, therefore, bring about a much greater efficiency in military operations on the island.

Mr. Allison inquired whether, if there were greater activity on the part of the United States with respect to Formosa and a sharpening of United States interests in Formosan affairs, it would devolve that the United States would be given a larger voice and greater participation in Chinese activities. General Chase replied very vehemently in the affirmative.

Mr. Bohlen inquired whether the lifting of the neutralization bans from the Formosa area would have any effect on the morale of the Chinese Nationalist forces. He said that he had in mind the lifting of neutralization at the present time when the Chinese were not fully equipped nor properly trained to conduct effective operations against the Chinese mainland. General Chase expressed his

view that even under these circumstances the lifting of the bans imposed by neutralization would have a very considerable effect on the morale of the Chinese forces. He explained that at the present time the Chinese Nationalist forces have the feeling that they may never have the opportunity of fighting to recover their home land and that even remote possibilities presented by a lifting of present bans would give them a psychological uplift in morale to a most significant degree.

In a general discussion of what Chinese Nationalist forces could do, without neutralization, General Chase indicated that any sizeable operations against the Chinese mainland would have to be supported by the United States. He said, however, that small raids, such as port bombing operations, guerrilla warfare on a small scale and expanded reconnaissance operations, would be very much in the realm of possibility. As to the success of a major hit and run operation against the Chinese mainland, General Chase did not appear very sanguine.

Mr. Bohlen posed the question whether removal of the neutralization status and acquiescence in Chinese Nationalist operations against the mainland might not provide an incentive and pretext for aggressive measures on the part of Red China. He questioned whether the neutralization status should be changed unless it provided a real military advantage and not just a psychological advantage to which reference had been made.

In reply to a question by Ambassador Cowen, General Chase said that he shared the apprehensions of CINCFE [2] and CINCPAC [3] with regard to the Red air raid threat on Formosa. He said he considered this a real threat and one which thoroughly justified the most careful observation of Red China's movements on the mainland.

In reply to a question by Mr. Bohlen, General Chase admitted that, if the bans now imposed by neutralization were lifted, the United States would have practically no control over the Nationalist forces on Formosa. He pointed out in this connection that he had no command authority and that in the absence of a Joint Chiefs of Staff arrangement, there would simply be no control either by him or by Admiral Radford in charge of the Seventh Fleet. Mr. Bohlen indicated that he felt it would be preferable, therefore, to have established satisfactory controls before the bans were lifted.

In reply to a question by Mr. Perkins, General Chase said that in his opinion the Nationalists could spare troops up to the number of

[2] Gen. Matthew B. Ridgway, Commander in Chief, Far East.
[3] Adm. Arthur W. Radford, Commander in Chief, Pacific.

thirty or forty thousand for use in Korea. He said such troops would have to be clothed, trained and transported by the United States but that they would have their own weapons. He felt that such a force in Korea on a rotational basis would provide great advantages from the point of view of the development of leaders, the training of troops and the provision of actual battle experience. He admitted, however, that any such operation would be a calculated risk and that the troops so deployed would be sorely needed in the event of a major attack upon Formosa.

Referring to General Chase's complaints about slow deliveries of military equipment from the United States to Formosa, Mr. Price inquired whether, on the basis of his discussions with various officers in the Department of Defense, General Chase was now more optimistic with respect to future deliveries. General Chase replied that he had received no assurances with regard to an acceleration of deliveries of matériel to Formosa, but that he now knew that the Chinese Nationalist Government was getting its share of United States production. He indicated that on his return to Formosa he would be in a better position to explain the delivery situation to Chinese Nationalist officials. He had managed while here to obtain certain items of "hardware" for early delivery.

Returning to the neutralization question, Mr. Bohlen inquired whether the bans imposed by neutralization have any presently definite bad effect on Chinese Nationalist forces. General Chase replied in the negative.

General Chase commented on his present orders and those of Admiral Radford [4] and expressed the view that in both cases clarification was seriously and urgently required. Major St. John explained in this connection that, under the present arrangement in Formosa, the United States will interpose no objection to retaliation in the event of an attack against Formosa. General Chase said that the main question revolved around the word "attack". He said that he did not know what was meant by an "attack" and that the Chinese officials were equally confused. He pointed out that a major attack would be preceded by intensive build-up on the Chinese mainland but that under present orders Admiral Radford did not know at what point he could discourage the initial phases of an attacking operation which came by sea and he, General Chase, did not know at what point he could participate, either by advice or otherwise, in repelling an attack by land. He said that the need for

[4] According to JCS telegram 92666 to CINCFE, Jan. 23, responsibility for the defense of Formosa, the Pescadores, and the Philippines had been transferred by the Joint Chiefs from CINCFE to CINCPAC, the transfer to be effective at a date mutually agreed upon by CINCFE and CINCPAC. (793.00/1-2352) The transfer became effective on Mar. 15, 1952.

prompt action to clarify the present situation lay in the fact that Red China is known to have an attacking force of 400 jet planes which could be launched against Formosa; of these about 40 are in the vicinity of Canton on the mainland, and a number of others are at present located in North China.

It was generally agreed that the orders to Admiral Radford and those to General Chase should be clarified at the earliest practicable moment.

No. 9

S/P-NSC files, lot 61 D 167, "Southeast Asia"

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Lovett) [1]

TOP SECRET WASHINGTON, March 4, 1952.

Subject: United States Policies on Support for Anti-Communist Chinese Forces.

1. This memorandum is in response to your memorandum of 3 January 1952, in which you request that the Joint Chiefs of Staff, from the military point of view, review and make comments on a letter of 11 December 1951 from the Director of Central Intelligence (DCI) regarding United States policies on support for anti-Communist Chinese forces, and further, that the Joint Chiefs of Staff make such recommendations on the general subject as they deem pertinent.

2. This memorandum is also responsive to your memorandum, dated 9 February 1952, forwarding a letter from the DCI, dated 30 January 1952, [2] both dealing with the above subject.

3. From the military point of view, the Joint Chiefs of Staff fully indorse the view of the DCI, as expressed in the basic letter, dated

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[1] Filed with a memorandum of Mar. 24 from Allison to Secretary Acheson, which stated that it had recently been received informally from the Department of Defense, along with a memorandum for the NSC Executive Secretary, the text of which is identical to NSC 128, Document 11. Allison commented that the implications of these papers were so far reaching that they should have prompt and thorough consideration by the Department of State; he recommended that the Policy Planning Staff be directed as a matter of urgency to undertake a through study of these problems in cooperation with the Bureau of Far Eastern Affairs and the Office of the Counselor. (S/P-NSC files, lot 61 D 167, "Southeast Asia")

A similar recommendation was contained in a memorandum of Jan. 3 addressed to the Secretary by Allison but not sent, commenting on a letter of December 11, 1951, from Director of Central Intelligence Walter Bedell Smith to Lovett, not printed. Allison's Jan. 3 memorandum, initialed by him but marked "not sent", is in CA files, lot 59 D 228.

[2] Neither printed.

11 December 1951, that the self-interest of the United States demands that Formosa be strengthened as an anti-Communist base militarily, economically, politically, and psychologically.

4. The denial of Formosa to communism is of major importance to United States security interests, and is of vital importance to the long-term United States position in the Far East.

5. Accordingly, the Joint Chiefs of Staff consider that, for the foreseeable future and until conditions in the Far East have become peaceful and stable, the United States should:

a. Take such measures as may be necessary to deny Formosa to any Chinese regime aligned with or dominated by the USSR;

b. In its own interests, take unilateral action if necessary, to insure the continued availability of Formosa as a base for possible United States military operations;

c. Continue that part of the mission presently assigned to the 7th Fleet relative to the protection of Formosa until such time as conditions in the Far East permit the Chinese Nationalists on Formosa to assume the burden of the defense of that island;

d. Support a friendly Chinese regime on Formosa, to the end that it will be firmly aligned with the United States; and

e. Develop and maintain the military potential of that Chinese regime on Formosa.

6. The Joint Chiefs of Staff consider that the military views expressed in paragraphs 4 and 5 above should be overriding and should govern United States policy for the foreseeable future and in the course of any United States negotiations which may follow an armistice in Korea. They therefore recommend that you obtain the approval of this position by the President.

7. A careful review of the basic letter, dated 11 December 1951, indicates that it addresses itself to questions of possible changes in national policy regarding the Far East in general, and specifically the covert and overt use, under various circumstances, of individuals and organized units of the Chinese Nationalist forces on Formosa. In this connection, the basic letter raises numerous fundamental questions of a political nature which warrant early consideration by the National Security Council.

8. The Joint Chiefs of Staff are grateful for the valuable suggestions of the DCI relative to overt operations. These suggestions will be of especial value in planning by the Joint Chiefs of Staff for the contingencies of general hostilities, a war of limited objectives in the Far East, or application of the "greater sanction."

9. Unless present United States policy is changed, the Joint Chiefs of Staff consider that major extensions of the scope of covert programs involving the islands of Formosa and the Pescadores which would likely involve disclosure of the covert programs, or would cause the covert activity to merge into a field of covert

United States operations, should not be pursued at this time. Subject to the above, this comment is not intended to imply any restriction on approved covert programs involving Formosa.

10. The basic letter, dated 11 December 1951, clearly establishes the need for the United States to support the Chinese Nationalist Government of Formosa, and advocates United States support of Generalissimo Chiang Kai-shek and the return of the Nationalist Government to China, subject to the extent that the Generalissimo and his government demonstrate their fitness as trustees of mainland China.

11. The Joint Chiefs of Staff are informed by the Chief of the U.S. Military Assistance Advisory Group in Formosa that the morale of the Chinese Nationalist forces is satisfactory or better and is sustained by a desire to liberate the mainland. The Joint Chiefs of Staff are inclined to accept this estimate inasmuch as it is based on first hand observation over an extended period by a qualified representative of the Department of Defense.

12. The Joint Chiefs of Staff hold the following views with reference to certain of the suggestions in the basic letter:

a. They agree that the provision of material assistance to Nationalist China should be continued with a view to:

(1) Maintaining the internal security of Formosa;
(2) Providing for the external security of the island; and
(3) Eventually establishing ready units in the Chinese Nationalist forces capable of overt military action outside of Formosa. Program should be limited initially to a force on the order of a Chinese army of two divisions. All of these matters lie within the purview of the Joint Chiefs of Staff and will be handled by them with due regard for other commitments, budgeting and funding limitations.

b. From the military point of view, they agree that the United States should undertake to improve the prestige and posture of the Chinese Nationalist Government on Formosa;

c. The Joint Chiefs of Staff agree that the military effectiveness of the Chinese Nationalist forces on Formosa could be improved through changes in the administration of that government. On the other hand, they feel that appropriate United States officials on Formosa, acting under integrated policies, should be the judges of the scope and pace of any reforms in the military administration of the Chinese Nationalist Government which may be necessary to further United States objectives, and that those United States officials should be vested with the authority of the United States in pressing for such reforms. Their actions, however, should, as far as practicable, strengthen rather than weaken the prestige and leadership of the Nationalist Government. Moreover, the United States officials concerned with assistance programs on Formosa should prescribe objectives in furtherance of United States policy, screen the equipment required and check the effcient use of both equip-

ment and funds. They should not, however, attempt to force the Chinese, against their will or judgment, to conform rigidly to United States concepts and practices as to the training and organization of military forces;

d. The Joint Chiefs of Staff agree that programs along the lines of subparagraphs a, b, and c above should be initiated in order to enhance the Chinese Nationalist capability of contributing to the containment of communism in Asia, and thus to lead to the possible eventual liberation of Communist China by the Chinese people under Chinese Nationalist leadership supported by other free nations of the world;

e. The Joint Chiefs of Staff consider that United States current programs for covert operations in the Far East should continue and, if practicable, be accelerated. In this connection, consideration should be given to accelerating covert unconventional operations in the Far East (including Southeast Asia), directed toward increasing the solidarity of indigenous peoples and their support of United States objectives;

f. The Joint Chiefs of Staff consider that recruitment and training for covert operations of organized units among the Chinese Nationalist forces on Formosa would, at least in some degree, impair the military efficiency of the Chinese Nationalist forces on that island. On the other hand, the Joint Chiefs of Staff have no objection to the recruitment of individuals on Formosa for covert operations, subject to the absence of objection on the part of the appropriate authorities on Formosa;

g. In this connection, the Joint Chiefs of Staff consider that the Chinese Nationalist forces now interned by the French in Indochina have a military potential which should warrant efforts to obtain their release for overt or covert operations. The Joint Chiefs of Staff recommend that you initiate action which would provide for the repatriation to Formosa of the personnel of these forces; and

h. The Joint Chiefs of Staff note the military potential inherent in the Chinese Nationalist forces along the northern frontier of Burma. [3]

For the Joint Chiefs of Staff:
HOYT S. VANDENBERG
Chief of Staff, United States Air Force

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[3] A number of Chinese Nationalist troops under the command of Gen. Li Mi had fled into Burma after the defeat of the Nationalists on the Chinese mainland in 1949. For documentation relating to U.S. concern with their presence in Burma and to the repatriation of several thousand to Formosa in 1953–1954, see volume XII, Part 2.

No. 10

446G.119/2-2252

The Secretary of State to the British Secretary of State for Foreign Affairs (Eden)

SECRET WASHINGTON, March 14, 1952.

DEAR ANTHONY: In response to your letter of February 22, 1952, [1] regarding United States export controls as they affect Hong Kong, I am enclosing a statement of current United States policy [2] which summarizes a decision agreed to by the agencies of this Government concerned with the problem.

There have been very extensive consultations within this Government about this problem, dating back to mid-December 1950, when the United States took sweeping measures affecting exports, calls by American merchant vessels and aircraft, and transactions involving American assets, all designed to prevent the Chinese Communists and North Koreans from receiving benefits from this country while they continue to engage in aggressive actions against the Free World.

We have arrived at the procedures outlined in the attached paper to permit a reasonable flow of United States materials to Hong Kong while insuring, so far as feasible, that there is no frustration of United States controls directed against Communist China because of the special situation and trade patterns of Hong Kong. We are all aware of Hong Kong's substantial efforts to deny strategic materials to the Communist Chinese. We are also aware, however, that considerable amounts of materials of a type which are denied export to Communist China under United States policy do reach the Chinese mainland through Hong Kong.

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[1] Eden's letter explained that U.S. restrictions on trade with Hong Kong had had a very serious effect on the colony's trade and industry and had resulted in considerable unemployment. He expressed the hope that the United States would relax its restrictions and, in particular, allow the colony to import raw materials such as cotton. (446G.119/2-2252)

[2] The enclosure, not printed, included a summary of NSC 122/1 (Document 6) and a statement by U.S. licensing authorities that the United States expected to license those items which Hong Kong embargoed to Communist China for the fulfillment of legitimate requirements in Hong Kong to the extent that the supply situation permitted but that with respect to items on the U.S. security lists not embargoed by Hong Kong, it would be necessary for the Hong Kong authorities to apply an embargo or to explain adequately why this could not be done. It also suggested that the Hong Kong authorities might consider establishing controls on certain specific items which had been reported moving from Hong Kong to China and that they might deny transit rights to cargoes comprising items on Hong Kong's prohibited export list.

I am hopeful that the new procedures will be found helpful to Hong Kong manufacturing and trade interests, and that they will make possible some alleviation of the materials problems of the Colony.

I know that you will be pleased to learn that under this new procedure certain allocations of raw cotton will be made at once for Hong Kong.

Sincerely yours,

DEAN ACHESON

No. 11

S/S–NSC files, lot 63 D 351

Memorandum by the Acting Secretary of Defense (Foster) to the Executive Secretary of the National Security Council (Lay) [1]

TOP SECRET WASHINGTON, 22 March 1952.

NSC 128

I am transmitting herewith for the consideration of the National Security Council and the President the following statement of the military views of the Joint Chiefs of Staff regarding Formosa:

"The denial of Formosa to communism is of major importance to United States security interests, and is of vital importance to the long-term United States position in the Far East.

"Accordingly, the Joint Chiefs of Staff consider that, for the foreseeable future and until conditions in the Far East have become peaceful and stable, the United States should:

a. Take such measures as may be necessary to deny Formosa to any Chinese regime aligned with or dominated by the USSR;

b. In its own interests, take unilateral action if necessary, to insure the continued availability of Formosa as a base for possible United States military operations;

c. Continue that part of the mission presently assigned to the 7th Fleet relative to the protection of Formosa until such time as conditions in the Far East permit the Chinese Nationalists on Formosa to assume the burden of the defense of that island;

d. Support a friendly Chinese regime on Formosa to the end that it will be firmly aligned with the United States; and

e. Develop and maintain the military potential of that Chinese regime on Formosa."

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[1] This memorandum, together with a covering memorandum of Mar. 24 by Lay, was circulated to the National Security Council as NSC 128, "Report to the National Security Council by the Acting Secretary of Defense on Formosa," Mar. 24.

The Joint Chiefs of Staff consider that these military views should be overriding and should govern United States policy for the foreseeable future and in the course of any United States negotiations which may follow an armistice in Korea.

In addition, a review of the objectives of current programs of military assistance and covert activities has indicated the need for early resolution of certain fundamental questions of concern to the National Security Council. Accordingly, I recommend that the Council undertake, at an early date, a review of NSC 48/5 [2] insofar as it pertains to United States policy toward Formosa, the Chinese Nationalist Government, and other anti-Communist Chinese forces.

WILLIAM C. FOSTER

[2] For text of NSC 48/5, "United States Objectives, Policies and Courses of Action in Asia," May 17, 1951, see *Foreign Relations*, 1951, vol. VI, Part 1, p. 33.

No. 12

793.1111/3-2852: Telegram

The Ambassador in the United Kingdom (Gifford) to the Department of State [1]

CONFIDENTIAL LONDON, March 28, 1952—1 a.m.

4301. 1. On subject Commonwealth and US citizens under arrest China, Brit mission Peiping has submitted to FonOff following comprehensive and vigorous proposals re new representations and publicity:

(a) Commonwealth wld address note to Vice Min FonAffs which wld be factual in tone and in considerable detail, covering all Amers and most Commonwealth citizens under arrest. Amers wld include all listed Hong Kong's despatch 1839, March 4, [2] except Mr. and Mrs. Bradshaw, Perkins, and Middleton, and adding Sjodin, McCabe (Depom Dec 29, 1951),[2] and White.

(b) At same time FonOff shld release statement to press saying that as there has been no improvement in situation since representations made in August, [3] Lamb had, under instructions from FonOff and in accordance with request other govts concerned, brought to attention CPG all known cases of UK, Austral, Canadian and US natls reported under detention. Lamb suggests that if this expedient used details of worst cases shld be released in confi-

[1] Repeated for information to Hong Kong and New Delhi.

[2] Not printed.

[3] For information relating to the representations made on Sept. 1, 1951, by Lionel Lamb, the British Chargé in Peking, see telegrams 883, Aug. 15, and 1195, Sept. 4, *Foreign Relations*, 1951, vol. VII, Part 2, pp. 1789 and 1796.

dence to press, to be published as though obtained on press initiative. Press shld not be given handouts to publish.

(c) Shortly afterwards some prominent American (Mrs. Roosevelt [4] suggested as very suitable person) might address open letter to Madame Sun Yat-sen, [5] who has always been considered sensitive to humanitarian appeals. Lamb suggested letter might:

(i) In general terms stress long detention of many individuals and refusal of authorities to reply to requests for info and communication.

(ii) Refer to hardships endured by those imprisoned. Some reliably reported chained. Permission not granted send those arrested at Peiping, including Miss Mills, comforts of any kind. Since husband arrested Mrs. Rickett has been confined to house and denied contact with friends outside, which represents mental as well as physical cruelty.

(iii) Develop general theme of human rights, stressing adverse impression created abroad and possibly give some of details mentioned in Lamb's draft note (text follows by separate tel [6]), without indication official sources such info. Lamb considers that otherwise names should not be mentioned.

(iv) End with appeal to Madame Sun, to use her influence to remedy this deplorable state of affairs. If Mrs. Roosevelt signed letter, emphasis on human rights and even more on female aspect wld be appropriate, with particular reference to their exposure to much mental strain and physical hardship.

(d) It might help if Mrs. Roosevelt's appeal were reinforced by telegrams from other bodies, such as Brit Natl Union of Students to Chou En-lai, and labor unions to ACFL. In Lamb's opinion it does not matter whether addressees received tels provided texts published in SEA and Chi papers in US.

(e) Lamb feels it important for something of this sort to be done soon. He suggests target date in mid-April.

2. Considering pros and cons on publicity, Lamb states:

(a) Argument that it might affect people still in China restrained publicity in past, but is no longer valid.

(b) It hardly likely publicity wld affect atmosphere if armistice had been concluded, since any armistice wld depend on issues rather than treatment unfortunates under arrest.

(c) Publicity wld have further advantages of providing counter blast to Chi germ warfare propaganda, exposing cruelty Chi regime and untruthfulness its propaganda. Statements (and tels) of course shld insofar as possible appear as spontaneous expressions of public opinion and not officially inspired.

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[4] Eleanor Roosevelt had most recently served as a U.S. Representative to the Sixth Session of the UN General Assembly.

[5] Widow of the leader of the Chinese revolution of 1911 and a vice chairman of the Central People's Government Council, People's Republic of China.

[6] Telegram 4302 from London, Mar. 28, not printed.

3. When Lamb asked Panikkar [7] whether publicity wld embarrass him re any representations he might make, he replied he of opinion time had come to resort to publicity. Panikkar has not yet had opportunity raise with Chou question of fon natls, as is his intention. He seemed doubtful when he might have appropriate interview to do so, and agreed that in circumstances Lamb need not delay any longer representations he was considering.

FonOff has called meeting Austral, Canadian, US and perhaps New Zealand reps for this afternoon to consider Lamb's suggestions and coordinate proposals to govts. Emb will of course report fully.

GIFFORD

[7] K. M. Panikkar, Indian Ambassador in the People's Republic of China to July 1952.

No. 13

INR-NIE files

National Intelligence Estimate [1]

SECRET WASHINGTON, 1 April 1952.

NIE-27/1

CHINESE COMMUNIST CAPABILITIES AND INTENTIONS WITH RESPECT TO TAIWAN THROUGH 1952 [2]

THE PROBLEM

To estimate Chinese Communist capabilities and intentions with respect to Taiwan through 1952.

ASSUMPTION

The USSR will continue to support Communist operations in the Far East but will not intervene directly and overtly.

[1] National Intelligence Estimates (NIEs) were high-level interdepartmental reports presenting authoritative appraisals of vital foreign policy problems. NIEs were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Estimates of the Central Intelligence Agency (CIA), approved by the IAC, and circulated under the aegis of the CIA to the President, appropriate officers of Cabinet level, and the National Security Council. The Department of State provided all political and some economic sections of NIEs.

[2] A note on the cover sheet reads as follows: "The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated with the Central Intelligence Agency in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 27 March 1952."

CONCLUSIONS

1. Except for a substantial increase in air capabilities, the overall capabilities of the Chinese Communists to launch either a large-scale invasion or limited surprise attacks against Taiwan remain substantially unchanged since April 1951 when NIE–27 [3] was published.

Chinese Nationalist capabilities to defend Taiwan have not improved substantially since that date.

2. Provided that present US policy with respect to Taiwan continues unchanged, and provided that US naval and air forces are available to defend Taiwan, Chinese Communist operations against Taiwan would almost certainly fail.

a. We do not believe that, under present circumstances, the Communists could achieve surprise in a large-scale attack. A large-scale Communist invasion attempt would almost certainly fail unless surprise were achieved to assure a *fait accompli* before US air and naval forces could be brought to bear.

b. A Communist attack with a limited number of their best troops probably could achieve surprise, but the Nationalists alone could almost certainly contain such an attack, unless the Communists received timely large-scale reinforcements. US naval and air forces could almost certainly prevent such reinforcements.

3. If US policy with respect to Taiwan should change and the US did not participate in the defense of Taiwan, the Chinese Nationalist forces could not successfully defend Taiwan against a large-scale Communist operation.

4. The Nationalist Government is relatively stable and serious factional strife is improbable so long as President Chiang Kai-shek heads the government. In the event of the overthrow or death of Chiang, factional strife would be intensified and a period of instability would probably follow before another Nationalist leader could establish his authority.

5. The weight of military, propaganda, and other indications suggests that the Chinese Communists do not plan an early attack against Taiwan.

6. Irrespective of developments in Korea, we believe that the Chinese Communists will not make either a limited surprise attack or a large-scale attack against Taiwan during the period of this estimate provided that present US policy with respect to Taiwan continues.

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[3] The text of NIE–27, "Chinese Communist Capabilities and Intentions With Respect to Taiwan," Apr. 10, 1951, is printed in part in *Foreign Relations*, 1951, vol. VII, Part 2, p. 1623.

7. During the period of this estimate, the Communists will probably conduct reconnaissance, nuisance, or destruction raids (either by air or sea) against Nationalist-held offshore islands and may assault and capture some of these islands. However, we do not believe such actions will necessarily indicate an imminent invasion of Taiwan.

8. Over the longer term, we believe that the Chinese Communists will attempt to secure control over Taiwan by diplomatic means if possible; otherwise by military action when a favorable opportunity presents itself. So long as the relative military strength of the United States and the Communists in the Far East remains substantially unchanged, and so long as US policy with respect to Taiwan remains unchanged, we believe the Chinese Communists will not hazard a military attack on Taiwan.

[Here follow a discussion of Chinese Communist and Nationalist military capabilities and an analysis of Chinese Communist intentions with regard to Taiwan; three annexes concerning the capabilities of the Chinese Communist and Nationalist air forces, ports and landing beaches, and weather conditions in the Taiwan Straits; and a map of Taiwan and South China coast.]

No. 14

Truman Library, Truman papers, PSF–Subject file

Memorandum for the President on the Discussion at the 114th Meeting of the National Security Council, Washington, April 2, 1952 [1]

[Extracts]

TOP SECRET

The following notes contain a summary of the discussion at the 114th Meeting of the National Security Council, at which you pre-

[1] Prepared on Apr. 3, presumably by the NSC Secretariat. According to the minutes of the meeting, which consist of a list of participants and a brief list of decisions taken at the meeting, the following members of the Council attended: President Truman, presiding, Vice President Alben W. Barkley, Secretary of State Acheson, Acting Secretary of Defense Foster, Director for Mutual Security W. Averell Harriman, and Chairman of the National Security Resources Board Jack Gorrie. Others present included Acting Secretary of the Treasury Edward H. Foley, Jr., Acting Director of Defense Mobilization John R. Steelman, Special Consultant to the President Sidney W. Souers, Chairman of the Joint Chiefs of Staff Gen. Omar N. Bradley, and Acting Director of Central Intelligence Allen W. Dulles. (Minutes of the 114th meeting of the NSC, Apr. 2, 1952, Truman Library, Truman papers, PSF–Subject file)

sided. Under Secretary Foster attended the meeting for the Secretary of Defense; Under Secretary Foley attended for the Secretary of the Treasury, and Deputy Director Dulles attended for the Director of Central Intelligence. Admiral Dennison attended the meeting for the discussion of Item 2 only.

. . . . . .

The President then turned to the agenda item on Formosa.

1. Formosa (NSC 128, [2] NSC 48/5 [3])

The President pointed out that the problem had been placed on the agenda only for a preliminary discussion. It was therefore, in the President's words, only at the "argument stage". He asked Secretary Acheson if he had any comments.

Secretary Acheson called attention to a report dated September 5, 1951, [4] in which the Secretaries of State and Defense recorded their agreement respecting the production of progress reports on the implementation of the policy set forth in NSC 48/5. He then read the paragraph which indicated the joint responsibility of the Secretaries of State and Defense to keep this policy under review. In the light of this agreement Secretary Acheson suggested by way of recommendation that it was reasonable to ask the two Departments concerned, State and Defense, to undertake preparation of a report in response to the views of the Joint Chiefs of Staff and of the Acting Secretary of Defense in NSC 128.

Secretary Acheson then turned to the substantive content of NSC 128, and outlined U.S. policy toward Formosa as set forth in NSC 48/5. After having read the pertinent paragraphs of NSC 48/5, Secretary Acheson expressed the opinion that current U.S. policy toward Formosa seemed to him to be both clear and affirmative. He was therefore at a loss to understand whether the views of the Joint Chiefs of Staff were merely intended to endorse our present policy, or whether they were inviting changes in it. In any case, Secretary Acheson pointed out, their views contained political as well as purely military considerations.

Secretary Acheson then rehearsed the five paragraphs which stated the military views of the Joint Chiefs of Staff on Formosa, and pointed out in each case the difficulties which they raised. For example, did sub-paragraph c of the Joint Chiefs of Staff views mean that they favored abandonment of the neutralization policy? Did the statement in sub-paragraph e refer to the offensive potential of the Chinese regime on Formosa, and did it mean that we

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[2] See the memorandum by Foster, Document 11.

[3] For text of NSC 48/5, May 17, 1951, see *Foreign Relations*, 1951, vol. VI, Part 1, p. 33.

[4] Not printed.

ought to put the Formosa regime back on the mainland? If so, said Secretary Acheson, we ought to take a long and careful look at that recommendation.

Summarizing his views, Secretary Acheson said that the Joint Chiefs of Staff report raised a good many more questions than it answered. It required a very careful going over by State and Defense before recommendations could be submitted to the National Security Council.

The President then asked Secretary Foster for his views.

Secretary Foster said he would not deny that NSC 128 needed careful consideration. Referring to Secretary Acheson's recommendations as to procedure, he said that he was in agreement with the proposal to have the report worked over by the Departments of State and Defense, although it seemed to him better to give it to a steering committee of the Senior NSC Staff.[5] With reference to Secretary Acheson's observations on the substantive content of NSC 128, Secretary Foster said that it was obvious that we have all too few assets left in the Far East and that the Chinese Nationalists on Formosa represented one such asset. It seemed to him that we had not actually developed the potentialities of this asset, and it was urgently required that we do so to the degree possible.

The President expressed the view that NSC 128 should be referred by the Council to the Senior NSC Staff for preparation of a report.

Secretary Acheson, however, requested that the Departments of State and Defense be permitted to do some preliminary work on such a report prior to Senior Staff consideration of it.

The President agreed to Secretary Acheson's proposal, and expressed the opinion that it might not prove necessary to refer the report to the Senior NSC Staff.

Mr. Dulles at this point remarked that the Central Intelligence Agency had certain responsibilities with respect to the area in question, and certain of its programs were based on Formosa. Moreover, he pointed out the part that the Director of Central Intelligence had played in the formulation of NSC 128. He therefore requested that at an appropriate time representatives of the Central Intelligence Agency be invited to participate with the State and Defense Departments in the preliminary discussion of our policy toward Formosa and the considerations raised in NSC 128.

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[5] The Senior NSC Staff consisted of representatives of the Departments of State, Defense, and the Treasury, the National Security Resources Board, the Mutual Security Agency, the Central Intelligence Agency, the Joint Chiefs of Staff, and the Office of Defense Mobilization, with an adviser representing the Psychological Strategy Board.

Secretary Acheson said he would be happy to have CIA participate with the other two Departments.

Mr. Lay then explained briefly the normal Staff procedure with respect to the preparation of reports, and inquired specifically whether it was the Council's desire to have the report on Formosa referred to the Senior Staff for consideration subsequent to the preliminary study by the Departments of State and Defense and the Central Intelligence Agency.

The National Security Council: [6]

a. Discussed the reference report by the Acting Secretary of Defense on the subject (NSC 128).

b. Directed the NSC Staff, after preliminary discussion by the Departments of State and Defense and the Central Intelligence Agency, to prepare a report for Council consideration in the light of a review of NSC 48/5 in so far as it pertains to United States policy toward Formosa, the Chinese Nationalist Government, and other anti-Communist Chinese forces, and in the light of the views of the Joint Chiefs of Staff contained in NSC 128.

. . . . . .

[6] The lettered subparagraphs constitute NSC Action No. 624. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the NSC, 1952")

No. 15

793.1111/3–2852: Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

CONFIDENTIAL
PRIORITY

WASHINGTON, April 5, 1952—12:30 p.m.

4997. 1. Embtel 4317 Mar 27 [*28*] rptd Hong Kong 91 New Delhi unn. [2] Dept concurs proposal of concerted and mainly unofficial publicity along lines mentioned. Even though this program at outset wld have private character, Dept believes that wld be desirable notify govts of countries assisting us in Peiping that it planned give wide and persistent publicity situation Amers. Emb may wish give Dept its views re timing such notification.

2. Dept concurs Emb views para 2 reftel, [3] but suggest in addition proposed Brit note to Chi Commies also mention death Wal-

[1] Repeated to New Delhi and Hong Kong.

[2] Telegram 4317 reported that, at a meeting that afternoon of British, Canadian, Australian, and U.S. representatives, there had been general agreement with the approach to the Chinese Government proposed by Lamb. (793.1111/3–2752)

[3] Paragraph 2 reported that the U.S. representative at the meeting that afternoon had suggested that Lamb's draft note might be "toughened" somewhat and reference might be made to the length of detention of many individuals.

lace at Wuchow while in jail and death Cline at Tsingtao soon after release from jail.

3. Re Embtel 4301 Mar 28 rptd Hong Kong 88 New Delhi unn. Dept views favorably suggestion that prominent Amer might address open letter to Madame Sun Yat-sen along lines mentioned. Subj expected to be taken up with Mrs. Roosevelt when she comes to Wash Apr 10. We agree contemplated appeal wld carry more force by inclusion selected cases maltreatment Brit and other fon natls.

4. Re statements by labor unions, para I (d) ur 4301, responsive action US unions probable, but not thru appeal to All-China Fed Labor.

5. Dept has been consulting accessible relatives detained Amers re unofficial publicity on individual cases, to be timed to follow general airing of subject by Commonwealth countries and US. Some concurrence this proposed action already obtained.

6. Re final paras Embtels 4161 Mar 20 and 4325 Mar 29, [4] Dept wld not wish await, except for briefest period, Brit action on business interests before initiating planned program.

7. Re para I (a) ur 4301 Dept desires cases under house arrest also be included. Most recent arrests shld be added by Lamb. [5]

ACHESON

[4] Neither printed.

[5] On Apr. 21, Lamb delivered to the Ministry of Foreign Affairs in Peking a note, with an attached list of 55 British, Canadian, Australian, and U.S. nationals reportedly under arrest and 20 U.S. nationals reportedly under house arrest. The note requested information as to the grounds on which the listed persons had been arrested, the nature of the charges against them, the sentences if any which had been passed on them, and their whereabouts and welfare. It also requested facilities to enable Lamb to communicate with them. A copy of the note was sent to the Department of State under cover of despatch 5044 from London, Apr. 28, 1952. (293.1111/4-2852)

No. 16

793.00/4-952: Telegram

The Ambassador in India (Bowles) to the Department of State

SECRET NEW DELHI, April 9, 1952—5 p.m.

3690. Re Deptel 1989, March 24. [1] Have already had good talk with Mme Pandit re her mission to China and expect have one or

[1] Telegram 1989 asked whether it would be feasible to suggest to Madame Vijaya Lakshmi Pandit, former Indian Ambassador to the United States, who was to visit the People's Republic of China as head of an Indian cultural mission, that she might

Continued

two more before she leaves. I will certainly suggest she secure private interview with Mme Sun Yat-sen. Have also cabled Jerry Cohen for background information which may be helpful to Mme Pandit and other members Indian Cultural Delegation in their efforts modify Chinese strategy in Asia and point out to Chinese Communists dangers in their becoming spearhead for Soviet ambitions in Asia.

Will appreciate any further background information anyone can get on this because I have clear invitation provide whatever material may be helpful.

Discussed April 7 with Bajpai [2] on most informal basis possibility our offering reassurances to Chinese Communist Government through their representative in Peking as to our deepseated desire for peace and broader understanding in Asia. I am convinced this approach officially or unofficially pays excellent dividends first because of bare possibility ideas may fall on more fertile ground than we suspect and second, because it helps convince Indian Government of our earnest desire do right thing and to place onus on Chinese Communists for whatever difficulties may develop in future.

Bajpai in strict confidence said . . . but that if it seemed advisable approach Chinese Communist Government confidentially on unofficial or semi-official basis best way do it would be through Mme. Pandit who leaves April 26.

I can, of course, continue talk along lines I have been following last several months, that is, our desire for peace, fact that although we do not agree with internal policies of Chinese Communist Government our basic quarrel with them is on subject of aggression in Korea and potentially Indochina, Burma and Nepal, our conviction Chinese Communists would be making disastrous mistake to play Russian game, our long-term friendliness for Chinese people, our conviction China as well as India has everything to gain from long period stability in Asia, and with repeated emphasis fact we have no desire attack China or fight with China anyway.

However, earnestly hope Department will consider advisibility more official although confidential message perhaps along these same lines which could be transmitted Mao Tse-tung through Mme. Pandit as part of US peace offensive this part of world. Particularly important emphasize traditionally it has always been our policy not quarrel with internal policies other nations much as we disagree with them, and that our differences with Chinese Communists would be greatly reduced if they would agree forego aggres-

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attempt to obtain a private interview with Madame Sun Yat-sen, who was, according to reports received by the Department of State, disillusioned with the Communist regime. (793.00/3–2452)

[2] G.S. Bajpai, Secretary General of the Indian Ministry of External Affairs.

sion either direct or indirect. If as seems likely this effort should fail it will at least be enormously helpful to us in convincing GOI our earnest desire and present atmosphere of conflict. I believe we should attempt associate GOI with US confidentially and emotionally in our efforts secure peace and stability in Asia. . . .

BOWLES

No. 17

State–JCS Meetings, lot 6. D 417

Memorandum of the Substance of Discussion at a Department of State–Joint Chiefs of Staff Meeting, Held at the Pentagon, April 9, 1952, 11 a.m. [1]

TOP SECRET

[Here follows a list of 21 persons present, including the Chairman of the Joint Chiefs of Staff, General Omar N. Bradley, Chief of Naval Operations Admiral William N. Fechteler, Army Vice Chief of Staff General John E. Hull, and Air Force Vice Chief of Staff General Nathan F. Twining. The Department of State delegation included Bohlen, Allison, and the Director of the Policy Planning Staff, Paul H. Nitze.

[The meeting began with a discussion concerning Yugoslavia, following which the Deputy Director of Central Intelligence, Allen W. Dulles; the Deputy Director for Plans, Central Intelligence Agency, Frank G. Wisner; and the Assistant to the Secretary of Defense for International Security Affairs, Frank C. Nash, entered the meeting.]

Formosa

Mr. Bohlen: NSC 128 [2] came up at the Council meeting last Wednesday and, as you know, the NSC decided that State and Defense should discuss, with the participation of CIA, the Formosa problem in light of the policies set forth in NSC 48/5. [3] The purpose of these discussions was to consider the recommendations contained in NSC 128 and to make recommendations for the review suggested by NSC 128. I thought we might start the discussion this morning by setting forth our present policies toward Formosa as these are set forth in NSC 48/5, and then by analyzing the changes in these policies recommended by the Joint Chiefs of Staff.

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[1] A note on the title page reads: "State Draft. Not cleared with any of participants."

[2] See the memorandum by Foster, Document 11.

[3] Dated May 17, 1951, *Foreign Relations*, 1951, vol. VI, Part 1, p. 33.

It is our present policy to deny Formosa to any regime dominated by or aligned with the Soviet Union. That policy stands and so far as we know no one has any intention of changing this. A second element of our present policy is to continue the present mission of the Seventh Fleet. A third major element is to provide economic and military assistance to the Chinese Nationalists on Formosa. A fourth element is to encourage political changes in the Chinese Nationalist regime which would increase its prestige and influence on Formosa, among the overseas Chinese, and within China proper. Finally, it is also our present policy not to discuss Formosa in any political talks which might be held after the conclusion of a Korean truce.

In light of this existing set of policies we would like to seek to clarify with you this morning the particular changes which you recommend. What are the overriding military considerations referred to in the penultimate paragraph of NSC 128? What is the meaning of the third recommendation concerning the mission of the Seventh Fleet? Is it the recommendation of the JCS that the present mission of the Fleet should be changed?

General Bradley: I was not here when this paper was prepared. I believe General Vandenberg was present and unfortunately he is not able to be with us this morning. Admiral Fechteler was also here, I believe. As I understand the matter, the JCS were considering problems arising under two different hypotheses. The first hypothesis was that the war in Korea would continue about as at present. The second hypothesis was that the situation in Korea would deteriorate and there would be a widening of the war. I am not sure that the paper clearly distinguished between the problems which would arise under the first hypothesis and those which would arise under the second. In short, we may have included two kinds of problems in one paper. Perhaps in our discussion this morning we should distinguish clearly between the problems arising under the one hypothesis and those arising under the other. Our actions might be very different depending on which hypothesis we are acting on.

Mr. Bohlen: We had assumed that the paper was meant to apply to the situation following a truce. The next to last paragraph of the paper referred to the policies which we should follow "in the course of any U.S. negotiations which may follow an armistice in Korea". Because of that language we assumed that the paper was dealing with the policies we should pursue in the event of a truce.

General Bradley: I am not sure, however, that this was clear when the paper was drawn up.

Admiral Fechteler: Our feeling was this: As regards the Seventh Fleet, right now it is supposed to stop any movement in either di-

rection. We of course should continue to stop any movement eastward but we thought that there was a question whether we should close the door to movement westward if circumstances arose which would make such a movement desirable.

Mr. Bohlen: Was it your view that the necessary revision of the Seventh Fleet's mission was something that should be done right now?

Admiral Fechteler: No.

Mr. Bohlen: Paragraph c, as you will recall, states that we should "continue that part of the mission presently assigned to the Seventh Fleet relative to the protection of Formosa until such time as conditions in the Far East permit the Chinese Nationalists on Formosa to assume the burden of the defense of that island." The language used in this paragraph was not altogether clear to us. We did not know whether it was intended to mean that we should remove that part of the mission which now restrains any movement westward.

Admiral Fechteler: I think we should not close the door on this.

Mr. Allison: Of course I think we had in mind not only this paper but also the longer paper. [4]

Mr. Bohlen: There were two papers. NSC 128 is the short one, whereas there is more background in the other one.

Mr. Nitze: I think this discussion has been most helpful. We in State have no doubt that if circumstances make desirable a movement from Formosa to the mainland this movement should be undertaken. I think we were looking at paragraph c as a recommendation for action at this time. We looked at it, in short, as one which would involve an overt change in U.S. policy which would be interpreted around the world as a full commitment of U.S. power and prestige to putting the Chinese Nationalists back on the mainland. We felt, in the first place, that we are not prepared for such military action at this time, and in the second place, that a policy decision of this kind would have unfortunate repercussions politically around the world.

Admiral Fechteler: If the Chinese Nationalists decide now or in the future to make a foray on the Chinese coast, we are supposed to stop it. My question is really whether we should continue to stop such actions.

Mr. Nitze: I think we should until the time comes when such actions would be helpful from the point of view of our own interests.

Admiral Fechteler: How are you going to stop them, by diplomatic action, by force, or by what means?

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[4] See the memorandum by the JCS, Document 9.

General Bradley: We might as well face it that we are going to have to back Chiang up a lot if he undertakes any such actions.

Mr. Bohlen: In light of the situation, is this something on which NSC action is now required?

. . . . . .

Mr. Bohlen: I wonder whether we should take this up point by point or whether we should hold a general discussion. I think perhaps it might be helpful to proceed point by point. As for the first recommendation in NSC 128, I take it that we are agreed that existing policy is to take such measures as may be necessary to deny Formosa to any Chinese regime aligned with or dominated by the U.S.S.R. As for the second recommendation, which concerns the continued availability of Formosa as a base, we were not too clear about the meaning of that recommendation. Does it mean that the present arrangement should be continued or does it contemplate the establishment of new arrangements?

General Bradley: That refers to the continuation of present arrangements. We would like to be sure that in case of necessity Formosa would still be available to us as a base for our operations.

Admiral Fechteler: That is right. We have no new arrangement in mind.

Mr. Bohlen: Then this recommendation also contemplates no change in the existing situation?

Admiral Fechteler: That is correct.

Mr. Bohlen: The third recommendation concerns the mission of the Seventh Fleet. Does the recommendation mean that there should be a change in the present mission or does it mean that the present situation should be continued? If a change is necessary, when should it be made? Should it be made now or when we have succeeded in developing larger military capabilities on Formosa?

General Bradley: The time will come when Formosa does have a larger capability. When that time comes we might want to change the mission of the Seventh Fleet.

Admiral Fechteler: Looking at this again, I think that the wording could have been improved. Our intention was not to close the door to a change in the mission of the Seventh Fleet when and if circumstances warranting such a change arose.

Mr. Nitze: There are two factors to be considered, I think. The first is the capability of the Chinese Nationalist forces on Formosa. The second is the relationship of a change in the mission of the Seventh Fleet to the armistice negotiations, to the situation in Southeast Asia, and so forth.

General Hull: At present we are shackling any offensive action which the Chinese Nationalists based on Formosa might take. The real question is whether we intend to continue in this position or

should everyone who needs to know know that when larger capabilities have been developed the shackles will be removed? The answer to this question will, I think, considerably affect our attitude toward building up capabilities on the island.

Mr. Nitze: Certainly we can use increased capabilities in the Far East generally and in Formosa in particular. They would be an asset. However, I do not think that the need for a decision whether to remove the shackles will arise until we have these large capabilities. In that situation I think we would re-look at the whole international scene in the Far East. We would take into consideration all the factors relevant to that decision. In other words, I think that we would not definitely decide at this time to remove the shackles but we would decide to take a re-look at the situation when we have larger capabilities.

Mr. Dulles: A morale factor is involved. If the Chinese on Formosa do not believe that they have a chance to return at some time in the future I don't believe we will succeed in developing larger capabilities on the island.

Mr. Bohlen: Two years from now many elements of the situation may have changed substantially. We should not of course foreclose the possibility of removing the shackles if that becomes desirable. I, however, would have great doubts about the wisdom of passing on to the Nationalist Government any indication that the shackles will be removed. Our experience shows that they would probably exploit such an indication right now as a firm U.S. commitment.

General Hull: I, too, am not sure that it would be wise to inform them, or necessary to do so, but a decision within the U.S. Government would affect our own policy. As things now stand, we really don't have any basis for giving them any more than they need for defensive purposes.

Mr. Bohlen: Isn't it justification enough that we do want a large and effective force? We clearly do want an instrument which will be ready to use if circumstances make its use desirable. We might want at some time, perhaps before long, to take Hainan, to make hit-and-run raids against the mainland, or even to secure a lodgment on the mainland.

General Hull: Unless we are building toward something which is more than just a defensive goal, there is not a basis for providing much assistance to them. I think we will always distribute our resources to those who are actually doing something. For that reason I am afraid we will not realize the potential available here unless we make this decision that we are building toward something.

Admiral Fechteler: The Chinese Nationalists recently put on a demonstration for the Secretary of the Navy [5] which was pretty good. He felt that they had shown a sizable capability.

Mr. Nitze: I thought we had an adequate basis for developing these capabilities in NSC 48/5. When we wrote that we had this possibility in mind, as I recall it, our language was along the following lines: We should provide economic and military assistance to increase the capability for the defense of Formosa and for such other purposes as might be determined. We have always felt that that meant not only defensive capability but extra capability over and beyond that necessary for defense—for example the extra capability we would like in case we do not get an armistice in Korea.

Mr. Bohlen: We would like increased capability in the light of general world conditions and in light of the general situation in China itself. For instance, our policy would be affected by our judgment as to whether the Chinese Nationalists would be well received in China. It is very difficult to foresee exactly what the circumstances will be. I don't think we can make a decision that goes far beyond that which Mr. Nitze has just read.

General Hull: These things all eventually become questions of priority and from this point of view the Chinese Nationalists are competing with a lot of other people whom we are also trying to help.

Mr. Allison: Of course they are all being helped for defense purposes too, are they not?

General Hull: That may be so.

Mr. Bohlen: I think that is right. For example, in Western Europe are we rearming Western Germany in order to increase its ability to defend itself against the Russian attack, or in order that it can recover Eastern Germany? There are a lot of comparable situations.

General Hull: As long as the Seventh Fleet is there we don't have to give much assistance in order to make the island defensible. The Chinese Communists cannot reach the island. If defense is all the Chinese Nationalists have to worry about they don't need much.

Admiral Fechteler: There are two angles on this western movement point. Assume for the moment that within the limit of their capability the Chinese Nationalists start for the mainland. As things stand now the Seventh Fleet is supposed to stop any such movement. If we change that policy we will have to consider

[5] Secretary of the Navy Dan A. Kimball visited Formosa Mar. 24–27 during a tour of naval installations in the Far East. While in Formosa, he inspected Chinese naval bases and observed a demonstration of amphibious landing operations staged by the Chinese Navy and Marine Corps.

whether to let them go to the mainland under their own steam or whether to help them.

Mr. Dulles: Let's look at the Chinmen situation for a moment. This might become an important question. Should we help the Chinese Nationalists defend that island in the event of Communist attack? It is right off the port of Amoy. The Seventh Fleet is not now supposed to give it protection. Can the Chinese Navy on Formosa, however, go to the defense of Chinmen?

Admiral Fechteler: They can say that they are going to Chinmen and when they get there they can go right on to the mainland if they want to.

Mr. Allison: If the situation changes enough so that the Nationalists have the capability of going to the mainland we might want to remove the Fleet altogether.

General Hull: The Nationalists will not attain this capability unless we decide to help them get it. In my opinion they will never become able to make an invasion by themselves. I think we have to face up to the question whether we want them to invade at some time.

Mr. Bohlen: Is it your view then that at present our assistance does not have an adequate basis?

General Hull: They are suffering under the present system of priorities. What we can give Formosa is in competition with what we supply to other areas.

Mr. Bohlen: Would that change if we change our policy?

General Hull: If we were planning to use these capabilities, I think we would do more to develop them.

Mr. Dulles: This is the only spot in the world where we are using U.S. forces to protect the Communists.

Mr. Nitze: I think that is illusory.

Mr. Bohlen: We are not protecting the Communists against anything which is there on Formosa now. If we thought that Greece was getting ready to jump Albania I think we would feel differently about bringing Greece into NATO. The Chinese Nationalists do not disguise their objective in any way. If we changed our policy we would give the Chinese Nationalists the ability to involve the U.S. in war with a major power. For instance, if we took the ban off today the Chinese Nationalists could send 100 planes to bomb Shanghai. The Communists could, and probably would, return this blow and at that point the Seventh Fleet would become involved. The Chinese know that the only way they can get back on the mainland is with U.S. support. This is not the kind of a risk which we would take with very many governments in the world.

Mr. Allison: Is there any possibility that in three to five years the Nationalists might be able to go over without U.S. support?

General Hull: I don't think it will ever be within their capabilities.

Mr. Allison: In other words, we would have to be in.

Mr. Bohlen: Then the change in policy is a change which means that the U.S. has decided to use its power to put the Chinese back on the mainland.

General Hull: We don't know whether we will want to do this or not.

Mr. Allison: Do we want to decide now to do this at some time?

General Hull: No.

Mr. Allison: In that case do we need any different statement of policy than the present statement?

General Hull: Perhaps what we need is a better interpretation and understanding of that policy.

Mr. Nitze: The question whether the Chinese Nationalists can obtain a real position of power on the mainland is really a question of combined capability of the Nationalists and the U.S. Isn't this a problem which is closely related to the problems we have been considering in the Southeast Asia paper? [6]

Mr. Allison: I think it is. For example, we might want to take Hainan as one phase of a campaign in Southeast Asia, if we become involved there. If so, we would probably want to use Nationalist forces from Formosa for that purpose. Or, in case of Chinese Communist aggression we might decide the balloon is up and that we want to use Formosan forces in various places.

General Bradley: Was not NSC 128 prepared in connection with the SEA paper?

Mr. Bohlen: I don't think so.

Mr. Nitze: One thing is clear to me. We want to have as much strength as we can have. Contingencies may well arise in which we will want to use Chinese Nationalists. Apart from that there is the problem of developing capabilities to bring down the Communist Chinese regime at some time. All of this is, I think, related to the SEA problem.

General Bradley: There is a problem of time which enters into this. The guerrillas in South China will gradually get themselves liquidated. The fellows on Formosa are getting older.

Mr. Dulles: I was just going to raise this very question. I think NSC 128 had its origin in General Smith's letter to Mr. Lovett. [7]

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[6] The National Security Council was then in the process of preparing such a paper. For text of the final paper, NSC 124/2, "United States Objectives and Courses of Action With Respect to Southeast Asia," June 25, 1952, along with related documentation, see vol. XII, Part 1, pp. 1 ff.

[7] Dated Dec. 11, 1951, not printed.

Formosa is undoubtedly a waning asset. Although the Seventh Fleet is there and is now protecting the island, we may well have a deteriorating situation on Formosa itself. It is not inconceivable that a revolution might occur in Formosa. The situation is not a level one. U.S. controls are not adequate. Over a period of time it would be our estimate that the situation will deteriorate, that the army will not sit there idle forever. They want to go home. If they have no hope of fighting their way back, they will go back as individuals. For this reason we think a review is necessary and the purpose of the review should be, in our judgment, to develop policies which will assure that Formosa is an asset.

General Bradley: What you have just said raises the question whether we should be spending $200 million a year to rearm these people. If they are going to collapse on us it would not appear to be a wise investment. I was asked only the other day whether we can justify $200 million to Formosa as compared with $300 million to Indochina where there is actual fighting going on.

Mr. Dulles: And we have about $100 million tied up here.

General Bradley: If the situation is really deteriorating perhaps we should not be spending $200 million there under our present policies.

Mr. Nitze: I got the impression from Mr. Schenck that we could devise a longer range program which would develop Formosa as an asset. If we do not foresee a combined Chinese Nationalist-U.S. capability adequate to bring down the Chinese Communist regime, even so we do not want to lose Formosa and we ought to address ourselves, under these circumstances, to building a healthier internal situation so that the island will not collapse around us.

General Bradley: I got the impression that there was only a limited time in which we could do anything. The chance of overthrowing the Chinese Communist government is slim—certainly without overt U.S. action. We have one situation on our hands if circumstances require the U.S. to go to war with the Chinese Communist regime. Short of this, we are not prepared to begin a general war with Communist China and our discussion seems to indicate that this is the only way in which that regime can be overthrown. We have to consider what we are going to do on Formosa on each of these two hypotheses. If we are not going to war with Communist China, then what do we do in Formosa? How long can we hope to hold the situation? We might be wasting all the money we are spending there. We have said many times and still say that the loss of Formosa would be bad but that it would not be so bad as to justify sending U.S. forces there to hold it.

Mr. Nash, do you have anything which you wish to add to this discussion?

Mr. Nash: No, I don't think I have anything to add. I take it that NSC action calls for an examination of the Formosa problem from the longer run point of view. This is a question which goes beyond that of merely removing the restrictions on the Seventh Fleet. If we are going ahead with the study of the long run problem any questions I have might better be raised in the preparation of that study.

General Bradley: Returning to our third recommendation, I think we can conclude that there is no point in removing this restriction at this time. However, we should know what our longer-range policy and attitude will be.

Mr. Dulles: I assume that the restriction does not prevent the Chinese Nationalists' fleet from participating in the defense of these coastal islands.

General Bradley: We have never felt that it was necessary to intervene in this matter.

Mr. Bohlen: I think we could work out a re-wording of this recommendation which would bring out this point. We might say, for example: "Continue the mission presently assigned to the Seventh Fleet with regard to Formosa but keep the possibility of revision of that mission under continuous review in the light of the world situation and the situation in the Far East."

Admiral Fechteler: That is about what we want.

Mr. Bohlen: Recommendations d and e are, as I understand it, statements of existing policy. There may be some deficiency in our assistance program but that is really another matter. The only issue that I can see is the one which General Hull raised: Can we really develop the potential under existing policies? Suppose that we decided that we are trying to train up the Chinese Nationalists for offensive operations. Would that change our existing military programs?

General Hull: It would over the course of time. If that was our policy then General Chase would have a better chance of getting the supplies and people he needs and wants. The whole training problem would have a different aspect. I think Formosa would have a somewhat more favored position in the scale of priorities. This is partly a question of the philosophy underlying our actions.

General Bradley: With reference to the $200 million program, it is one thing if our policy has a purely defensive goal. It is another thing if we are planning to put the Chinese Nationalists ashore. In the second case they would need more vehicles, landing craft, and so forth.

Mr. Bohlen: Would not the assistance programs be the same up to a certain point? At that point we might have a decision to make, but we aren't at that point yet, are we?

General Bradley: I think that is right. This would not make much of a difference through 1953.

Mr. Nitze: When we reach that point we may have a difficult problem. It is hard to foresee at this time whether it would be more important at that time to build up the Vietnam forces, the Japanese forces, or the forces on Formosa. We will have to make our decision at that time in the light of circumstances then existing.

Mr. Bohlen: We want to have a capability ready for use in case of certain eventualities. We want to be ready to use it if and when certain circumstances arise. The question this raises is whether we can keep Formosa as an asset with our present policy.

Mr. Dulles: That is a big question. I don't think anyone can answer it categorically.

Mr. Bohlen: General Chase thought that the lifting of the restriction would boost morale on the island but he did not think, as I understand him, that the presence of the restriction had a depressing effect on morale. On the contrary he strongly asserted that morale was good. As far as the age question goes, he told me that the average age of the Chinese Nationalist forces is four years lower than the U.S. troops he took into the Philippines.

General Bradley: Is that so? I am surprised at that. I thought they were somewhat older.

Mr. Bohlen: The ones who retreated to Formosa with Chiang were the ones who had the most zing. The older ones and tireder ones tended to stay at home.

General Bradley: I think we could agree on the revised wording of paragraph c and I think that d and e do express present policy.

Mr. Bohlen: In this case we could undertake a long-range study of what we can do to build up the situation on Formosa.

Mr. Nitze: That is right. We should discuss this problem with Frank Nash.

Mr. Allison: I think it ought to be a tripartite program involving State, CIA, and Defense and the JCS.

Mr. Nash: That is what the NSC called for. I think it would be a regular Steering Committee study.

General Bradley: I understood that we were to talk this thing over and then make a recommendation as to what to do.

Mr. Lay: That is right. It was the intention of the NSC that you should talk this over and then refer the matter to the NSC.

Mr. Nash: We are to produce an over-all paper which will not be limited to the four or five points we have been discussing this morning.

Mr. Bohlen: That is right. We have disposed of those four points this morning, I believe. What we are now considering is a wider study.

Mr. Dulles: I would like to have it clear that our present policy stands.

(At this point Mr. Dulles referred to an Indochinese operation and there was an exchange between Mr. Dulles and General Bradley which the reporter did not understand.)

Mr. Nash: With reference to the longer-range measures which can be taken to preserve Formosa as an asset, I think it is important to note that the Bureau of the Budget is not permitting MSA to plan such a program at this time. The Bureau of the Budget takes the position that the policy set forth in NSC 48/5 is a short-range policy. We have, therefore, an urgent reason why it is necessary to develop a long-range policy.

Mr. Nitze: I think our discussion has been very helpful for that reason.

No. 18

793.00/4-1152: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State [1]

SECRET TAIPEI, April 11, 1952—4 p.m.

1307. Request Dept pass to Defense. Chi Chief of Staff has reported to cabinet that danger of Chi Commie attacks on Kinmen, Matsu and Tachen Islands is more serious at present than any time since mid-1950. Retention these islands is of considerable importance to immediate defense of Formosa, to discouragement of Chi Commie seaborne traffic both milit and commercial, to collection of intelligence and to support of resistance on mainland.

Islands mentioned are strongly garrisoned by Chi Nat troops who shld give good account of themselves against seaborne attack. However air situation entirely reversed since 1950 with tremendous subsequent build-up Chi Commie airpower and steady decline CAF capabilities in absence any additions to its strength in aircraft during same period. Air strikes against islands in support of troops, equipment, aircraft and naval strength by Chi Nats shld be anticipated even if resistance reasonably successful.

While US has disclaimed responsibility for above islands and left their defense entirely to Chi Nats, success or failure in such effort

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[1] Repeated for information to the Far East Command and CINCPAC.

would have considerable moral and practical effect on both US and Chi Govt interests. Their capture wld represent further territorial and psychological gains for Chi Commies.

Question arises to what extent US shld encourage Chi Nats in defending islands and inflicting maximum losses on enemy; also whether US aid shld be extended in logistic or other form, directly or indirectly.

Gen Chase has read this tel and concurs in its despatch.

RANKIN

No. 19

611.93/4-1152: Telegram

The Ambassador in India (Bowles) to the Department of State

TOP SECRET NEW DELHI, April 11, 1952—midnight.

3733. Bajpai called me to his office to discuss cable just recd from Panikkar [1] in Peking. Panikkar statement was as fols:

a. Several weeks ago he had felt rather optimistic about outlook for truce agrmt in Korea; however recent devels, particularly the bitterness and vigor with which the Commies had pressed germ warfare charges, had convinced him the Chi were not in mood for agrmts of any kind.

b. It was his considered opinion that Chi, fully supported by the Sov Union was about to embark on a broad program of aggression which might readily lead to third world war; that this policy had grown out of the conviction of Chi-Commies and Sov Union that Western armament program was far behind schedule and that US and its associates were too weak to handle a world-wide conflagration successfully.

c. Panikkar further stated that the dangers that he foresaw might not develop in the next few weeks, but that he was most pessimistic about outlook, and anxious to leave China as quickly as he can be released (Bajpai said this wld be May at latest and that his successor wld definitely be Raghavan, now GOI Min at Bern).

Bajpai stated that the PriMin,[2] . . . was inclined to believe that the situation might be as serious as it had been described. However, he (Bajpai) disagreed and indeed had just sent a memo to the PriMin in which he had said that in his opinion it wld be mistake to take the . . . story too seriously:

. . . . . .

(b) Chi-Commies and/or Sov Union may have deliberately planted statements and rumors to convince Panikkar of this dire turn of

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[1] K.M. Panikkar, Indian Ambassador to the People's Republic of China.
[2] Jawaharlal Nehru.

events on the theory that this might bring forth further compromises from us in Korea.

(c) It was quite possible that Chi might embark on irresponsible campaign of aggression but in his judgement it was most unlikely that the Sov Union wld allow itself to become involved in an action of that kind. In Bajpai opinion the Sov Union is well aware of US industrial power and the fact that USSR cannot win Third World War. However he did not discount possibility that Sov Union wld allow or even encourage the Chi-Commies to embark on an aggressive program in which they themselves wld not take a direct part unless later developments indicated the West's inability to cope with the conflagration which the Chi had started.

Bajpai emphasized that while . . . we shld by no means brush aside the situation and that now was time to take any possible step that might conceivably ease the situation. He then specifically but unofficially urged me to propose to my govt that we draw up a carefully prepared statement of our intentions in Asia, our desire for peace, our determination to oppose aggresion etc., and that we make our position known to Chi Commie Govt. He stated that Mrs. Pandit's mission to Peking had come at very opportune time and, although he had not discussed situation with her or the PriMin he felt there wld be no question of her willingness to carry it to Mao Tse-tung.

His proposal is very close to my own suggestion in Embtel 3690, April 9. We believe this proposal shld be given every possible consideration. Certainly there cld be no harm in a restatement of American motives in Asia. In our opinion Mrs. Pandit is a reliable agent to transmit these views to Peking in a sympathetic and responsible way.

While there is strong likelihood any suggestions of ours will fall on deaf ears, at the very minimum we will strengthen confidence of GOI in us and, in addition we will have established clear record as to our willingness to reach agrmt on any reasonable basis and to the fact that we are not responsible for whatever may occur.

This msg cld take form of ltr from the Secretary or the President directly to Mrs. Pandit, or if we wish a somewhat less official approach, it cld be sent to me for discussion with Mrs. Pandit. Since the msg wld be signed for Mao Tse-tung, we believe it wld carry more weight if it came in form of letter from the President himself. If the letter is sent to me, a copy cld be given to Mrs. Pandit. We are preparing suggested letter which we will transmit to you on Monday [3] by tel. [4]

BOWLES

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[3] Apr. 14.

[4] No such telegram has been found in Department of State files, but see telegram 2399 to New Delhi, Document 22.

No. 20

790.00/4-1452: Telegram

The Ambassador in India (Bowles) to the Department of State

SECRET NEW DELHI, April 14, 1952—6 p.m.

3777. For Don Kennedy. [1] Min External Affairs called my attention to quoted statement allegedly made by Navy Secretary Kimball at Tokyo Apr 2 stating if Chi Natls attempted invade Mainland from Formosa Seventh Fleet wld "stand on sidelines and cheer". [2]

Foreign office stated it their understanding Seventh Fleet stationed at Formosa prevent attack on that island by Chi Commies and also prevent Chiang Kai-shek's troops from attacking mainland and they want know whether there has been change in policy. This request comes from FonMin. However, I said statement did not sound bonafide, that I doubted it had been made, and that in any event our policy remained unchanged. Sincerely hope this statement not accurate as this sort of thing jeopardizes our efforts convince GOI our desire limit conflict and establish peace in Asia if that possible. [3]

BOWLES

[1] Donald D. Kennedy, Director of the Office of South Asian Affairs.

[2] Kimball's statement, made in response to a question at a press conference in Tokyo on Apr. 1, was reported in the *New York Times* of that date.

[3] Telegram 2239 to New Delhi, Apr. 16, indicated that Kimball's statement was unofficial and that the mission of the Seventh Fleet, as announced by President Truman on June 27, 1950, remained unchanged. (790.00/4-1452) For text of Truman's statement of June 27, 1950, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950*, p. 492.

No. 21

S/P-NSC files, lot 62 D 1, NSC 128

Memorandum by the Senior State, Defense, and CIA Members of the NSC Staff to the Executive Secretary of the National Security Council (Lay) [1]

TOP SECRET WASHINGTON, April 23, 1952.

1. Pursuant to NSC Action No. 624-b, [2] preliminary discussions were held on April 9th by representatives of the Department of

[1] Circulated to the NSC Senior Staff with a covering memorandum of Apr. 24 from Lay.

[2] See footnote 6, Document 14.

State and the Central Intelligence Agency with the Joint Chiefs of Staff and representatives of the Department of Defense. Discussion centered on the interpretation of the views of the Joint Chiefs of Staff contained in NSC 128.[3]

2. a. It was agreed that the recommendation of the JCS that the U.S. should "take such measures as may be necessary to deny Formosa to any Chinese regime aligned with or dominated by the USSR" was consistent with present U.S. policy as defined in NSC 48/5.[4]

b. It was agreed that the recommendation of the JCS that the U.S. should "in its own interests, take unilateral action if necessary, to insure the continued availability of Formosa as a base for possible United States military operations" should be interpreted to mean that the present situation, in terms of availability of bases on Formosa to possible U.S. use, should be continued.

c. It was agreed that the recommendation of the JCS relative to the mission of the 7th Fleet should be interpreted to mean that the U.S. should continue the mission presently assigned to the 7th Fleet with regard to Formosa but should keep the possibility of revision of that part of the mission restricting Nationalist activities under continuous review in the light of the world situation and the situation in the Far East.

d. It was agreed that the recommendations of the JCS with regard to support of a friendly Chinese regime on Formosa, and with regard to the development and maintenance of the military potential of that regime were consistent with present U.S. policy as defined in NSC 48/5.

3. It was agreed that a working group would be established with representatives of the Departments of State and Defense and the Central Intelligence Agency to proceed with additional discussions looking toward preparation of the report called for by NSC Action 624-b.

CHARLES E. BOHLEN	FRANK C. NASH	ALLEN W. DULLES
Senior State Member	*Senior Defense Member*	*Senior CIA Member*

[3] Document 11.

[4] Dated May 17, 1951, *Foreign Relations*, 1951, vol. VI, Part 1, p. 33.

No. 22

611.93/4-1152: Telegram

The Secretary of State to the Embassy in India [1]

TOP SECRET
PRIORITY

WASHINGTON, April 25, 1952—5 p.m.

2399. For Ambassador Bowles. After careful consideration urtels 3690, April 9 and 3733, April 11, I would appreciate your handing copies of the following text from me to Bajpai and to Madame Pandit, if she is still in New Delhi. If Madame Pandit has already departed, you should, at your discretion, request Bajpai to forward my letter to her.

(*Begin verbatim text*) "Ambassador Bowles has informed me of your plans for a mission to China. We are all deeply aware that your mission comes at a most significant time. Much of the well-being and security of peoples depend on the question whether the present difficulties are to be handled with wisdom and insight and with a sense of responsibility or with a narrow and rigid regard of the special interests involved.

"You are singularly well-equipped to understand the sources of the present tensions and their dangers, because you have a profound understanding of the Orient combined with a direct and personal knowledge of the attitudes and problems of Western nations, and notably of my country.

"I wish by this letter simply to underscore what Ambassador Bowles has on frequent occasions said to the highest officials of your Government. Our paramount purpose in the present situation is to help insofar as we can to bring the world through its difficulties without a renewal of the tragedy of war. You understand, I am sure, that our devotion to peace is a devotion to a relationship in which the nations act toward each other on the basis of responsibility and with a decent respect for the opinions of mankind. The United States has no territorial designs against any other nation. The United States has no desire to dominate the internal arrangements of any other nation. At the same time, this Government feels compelled to interpose, by force if necessary, in situations where nations use force in derogation of the rights and independence of other nations. The resort to aggression as the arbiter of differences between nations is to us intolerable. But when the policy of aggression has been abandoned, we have no desire to continue the strife or to harbor grudges.

"I should like to take this occasion to send you my sincere wishes for a pleasant and constructive trip."

ACHESON

[1] Drafted by Frederick E. Nolting, Special Assistant to the Deputy Under Secretary, and personally signed and approved by Secretary Acheson.

No. 23

793.00/5–952

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Lovett) [1]

TOP SECRET WASHINGTON, 6 May 1952.

Subject: U.S. Position with Respect to Chinese Nationalist Government's Defense of Kinmen, Matsu, and Tachen Islands.

1. This memorandum is in response to your memorandum of 29 April 1952 [2] in which you request the views and recommendations of the Joint Chiefs of Staff, as a matter of priority, on a proposed Department of State reply [3] to a cable from the American Embassy, Taipei, [4] concerning the United States position with respect to the Chinese Nationalist Government's defense of the Kinmen, Matsu, and Tachen Islands.

2. The message from the United States Ambassador to Taipei requests answers to two specific questions: (1) to what extent should the United States encourage the Chinese Nationalists to defend the islands of Kinmen, Matsu, and Tachen; and (2) whether the United States should in any way provide aid for those defenses.

3. In order to make the proposed draft message more fully responsive to the request of the Ambassador to Taipei; to clarify the extent to which encouragement and logistic support to the Chinese Nationalists may be given; and to furnish guidance to the Chief, Military Assistance Advisory Group (MAAG), Formosa, the Joint Chiefs of Staff believe that the Chief, MAAG, Formosa should be instructed through the Ambassador that:

a. In the event a request is made by the Chinese Nationalist Government on Formosa, he may, consistent with his other missions, consent to the commitment by the Chinese Nationalist forces of limited quantities of military aid matériel as appropriate to assist in the defense of the threatened islands provided the defense of Formosa and the Pescadores is not jeopardized;

b. He should provide such military advice as may be appropriate for the same purpose;

c. He should clearly understand that no additional unprogrammed military aid matériel can be expected for the specific purpose of supporting the Chinese Nationalist defense of those islands;

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[1] Sent to Secretary Acheson with a covering letter from Secretary Lovett stating his concurrence in the Joint Chiefs' views. (793.00/5–952)

[2] Not printed.

[3] The proposed reply, with the Joint Chiefs' amendments, was attached as Appendix A; the amended message was sent as telegram 813 to Taipei, *infra*.

[4] Telegram 1307 from Taipei, Document 18.

and that no commitment is to be made regarding replenishment of equipment transferred from Formosa; and

d. He should interpose no objection, consistent with his mission relative to the defense of Formosa and the Pescadores, to such reasonable redeployment of military forces among Chinese Nationalist possessions as the Chinese Nationalist Government may desire to accomplish.

4. The Joint Chiefs of Staff concur in the dispatch of the proposed Department of State message to the Ambassador, Taipei, subject to the amendments indicated in Appendix "A" hereto.

5. Attached as Appendix "B" [5] hereto for your convenience are pertinent extracts from various directives relative to the defense of Formosa and the Pescadores.

For the Joint Chiefs of Staff:
OMAR N. BRADLEY
Chairman, Joint Chiefs of Staff

[5] Not printed.

No. 24

793.5/5-952: Telegram

The Secretary of State to the Embassy in the Republic of China

TOP SECRET
PRIORITY

WASHINGTON, May 9, 1952—10:36 a.m.

813. Urtel 1307. [1] While US cannot under Presidential Directive of June 27, 1950 [2] commit its forces def any islands now under control of Chi Govt other than Taiwan and Pescadores, it is US hope that Chi Govt will defend such islands. US does not consider current Directive to CINCPAC with respect to Formosa as preventing such action. US policy concerning these islands explained to Chi Govt thru Chargé Taipei (Deptel 61 Jul 22, 1950) [3] and to Amb Koo by AsstSec Rusk Jul 25, 1950. [4] Unless you believe Chi auths now uncertain US position it wld seem unnec reiterate this policy since to do so wld involve risk that info wld leak to Commies and encourage them attack islands. It wld not be useful either to Natl Govt or US to accommodate Chi Commie with indication US intentions re such important matters, consequently in event considered nec

[1] Document 18.

[2] Reference is to Truman's statement of that date concerning the mission of the Seventh Fleet; see footnote 3, Document 20.

[3] For text, see *Foreign Relations*, 1950, vol. VI, p. 387.

[4] A memorandum of this conversation dealt with this and other questions arising out of the President's June 27 statement. (711.5/7-2550)

again discuss matter with Natl Govt you shld convey US position to highest auth only.

Under these circumstances, while being careful avoid making any commitment to Chi Govt inconsistent with Presidential Directive Jun 27, 1950, and bearing in mind final decisions on def of islands sole responsibility Chi Govt, US mil reps shld give Chi Govt whatever encouragement and advice they can in connection def Kinmen, Matsu and Tachen islands, consenting to the commitment by the Chi Natl forces of limited quantities of mil aid material as appropriate to assist in the def of the threatened islands, provided the def of Formosa and the Pescadores is not jeopardized.

Re aid to Chi Natls connection def islands: while direct support involving US personnel cannot be given shld be pointed out US is rendering vital indirect support in form training and equipping Chi Natl forces which available to defend islands.

Dept of Def concurs with this msg.

ACHESON

No. 25

793.5/5–1452: Telegram

The Chargé in the Republic of China (Jones) [1] *to the Department of State*

TOP SECRET TAIPEI, May 14, 1952—4 p.m.

1439. Substance Deptel 813, May 9 communicated to FonMin who was grateful confirmation assumed US position but made following observations.

While Chinese Govt forces will of course defend islands in question Chinese Commie capabilities were such as to enable capture islands any time willing commit sufficient forces for purpose. Since Chi Govt without active support Seventh Fleet wld find it impossible maintain successful defense in face determined, well-mounted attacks. In this connection FonMin raised again, without expecting answer, repeatedly discussed question as to what constitutes defense Formosa and at what point Chinese Commie threat would be taken seriously enough warrant involvement Seventh Fleet. Seems clear he was implying serious attack on islands as distinguished

[1] Howard P. Jones, Counselor of Embassy at Taipei, was in charge of the Embassy in the absence of Karl Rankin, who was away May 11–Oct. 1 for consultations in Washington and home leave. Rankin's account of his discussions with President Truman and other officials during this trip may be found in Karl Lott Rankin, *China Assignment* (Seattle, University of Washington Press, 1964), pp. 138–149.

from hit and run tactics should be considered as preliminary to invasion Formosa.

JONES

No. 26

611.93B/5-1452

Memorandum by the Acting Director of the Office of Chinese Affairs (Perkins) to the Assistant Secretary of State for Far Eastern Affairs (Allison)

TOP SECRET [WASHINGTON,] May 14, 1952.

Subject: Tibet—Information Received from Tak Tser, Brother of the Dalai Lama.

CA, China Section G–2, and CIA have recently exchanged opinions concerning the significance of press reports, originating in India, alleging that (1) Tibetan hostility toward occupying Chinese Communist forces is increasing rapidly, and (2) an armed clash occurred recently in Lhasa between Tibetan demonstrators and Chinese Communist military security guards. The consensus of opinion may be summarized as follows:

1. There are between 10,000 and 15,000 Chinese Communist troops in Tibet, of whom about 5,000 are encamped in or near Lhasa.
2. There is an acute food shortage in Tibet, caused by the presence of unnecessarily large Chinese Communist security forces. This shortage is aggravated by the heavy concentration of Communist forces in the few major Tibetan cities (Lhasa, Shigatse, Gyangtse) and along the main caravan routes leading to India and Nepal.
3. Most Tibetans have moved fairly rapidly in the last six months from an initial phase of individual passive acceptance of the Chinese Communist occupation to a phase of group public demonstrations and covert molestation. Although the Dalai Lama and his immediate clerical and lay advisers publicly have accepted Chinese Communist control, there seems to be in operation a cleverly conceived covert plan to encourage hostility toward the Chinese forces and toward those lay ministers who appear to be collaborating most closely with the Chinese.
4. From the standpoint of US interests, developments in Tibet are moving in the right direction and are producing a desirable effect upon the Government of India.

. . . The report, received May 13, conveyed the following information, based on communications recently received by Tak Tser.

1. Tak Tser has no doubt that the Dalai Lama is developing the long-range plan allegedly agreed on prior to Tak Tser's departure

from Tibet: i.e. the Dalai Lama is quietly organizing resistance to the Chinese Communists while appearing to cooperate with them.

2. Tibetans in Lhasa, encouraged by the monks, recently have sworn secret new oaths of allegiance to the Dalai Lama and to the three leading monasteries and, simultaneously, have renounced their allegiance to the present lay Cabinet and affirmed undying opposition to the Chinese.

3. The Panchen Lama [1] secretly has indicated his intention to defect from the Communists while appearing to serve as their puppet, and to make common cause with the Dalai Lama in organizing a resistance movement.

While evaluation of available information is extremely difficult, CA perceives no reason why Tak Tser's report should not be accepted as "probably true". Since CA believes that (1) the Chinese Communists in Tibet are doing an excellent job of creating their own troubles, (2) developments in Tibet are producing the desired effect on the Government of India, and (3) Tak Tser is on firm ground in believing that a public expression of US interest in Tibet would, at this time, have an undesirable effect on both the Government of India and on the incipient Tibetan resistance movement, CA recommends that the Department continue to avoid public statements concerning Tibet and refrain from any attempts at this time to communicate with persons in Tibet who are believed to be taking their first steps toward organizing an anti-Communist resistance movement. [2]

[1] The Panchen Lama, or Lama of the Tashilhunpo Monastery at Shigatse, was traditionally second only to the Dalai Lama in spiritual importance. The Seventh (or Tenth) Panchen Lama had recently traveled to Tibet from Peking, arriving in Lhasa on Apr. 28; prior to that, neither he nor his predecessor had lived in Tibet since 1923.

[2] A handwritten notation in the margin of the source text, next to CA's recommendation, reads: "I agree. J [ohn] A [llison]."

No. 27

794A.00/5–2352: Telegram

The Chargé in the Republic of China (Jones) to the Department of State

SECRET PRIORITY TAIPEI, May 23, 1952—5 p.m.

1473. Re Embtel 1450, May 16. [1] FonMin yesterday requested closer liaison between 7th Fleet and Min Natl Def with respect to flights of US mil aircraft. Presumption now exists here that air-

[1] Telegram 1450 reported an air raid alert on that date in Taipei. (794A.00/5–1652)

craft reported reftel were US Naval Patrol planes. FonMin offered further presumptive evidence in Chi Govt intel report that Fukien mainland coast had simultaneous alert. Since desp reftel several other alerts have been sounded in central and southern parts of island. In each case later info pointed to probability aircraft 7th Fleet patrol.

FonMin strongly urged immed steps be taken for fol reasons among others:

(1) Econ effect on cities of Formosa of unannounced alerts had been serious. In some areas farmers had failed bring in rice and other foodstuffs after alert responding only after convinced Chi Commie invasion not imminent.

(2) In view sensitivity population, Chi Govt anxious avoid further unscheduled alerts unless real thing, in effort avoid unnecessary econ dislocation and also development of "wolf" psychology.

(3) Unnecessary take-off of intercepter aircraft results waste aviation gas in time shortage.

I concur strongly with FonMin that something must be done to clarify sitn as does Gen Chase and Atts. After thorough discussion here with MAAG experts and Atts only practicable solution seemed to be estab combined US–Chi operations friendly plane control organ for Formosa Straits.

Recognizing that proposed solution not within framework present directives suggest consideration Joint Chiefs might well be given to alteration current directive permitting closer coordination between Chi Air Def Command and 7th Fleet.

We are working here on interim solution of developing more expeditious circuit for routing flight info to Chi Air Def Command. Present channel is from 7th Flt thru NavAtt to Chi G–2 to Chi Air Def Command. Installation direct tel-communication between NavAtt offices and Chi Air Def Command wld speed flow of info but not solve problem.

Further factor in picture is inefficiency present Chi radar net. Further training and prompt shipment radar now on MAAG order wld result elimination much inaccurate observation.

Finally, FonMin request points up sharply confusion which wld certainly result in event invasion and/or air raid Formosa. At present no adequate machinery exists for coordination US–Chi Forces in def island. While FonMin did not raise this aspect question, it has been subj frequent queries by Chi Chief Staff to Gen Chase.

Summarizing, all US elements here agreed:

(1) FonMin's request most pertinent and timely;

(2) Immed problem probably cld best be solved by actual combined US–Chi operation friendly plan control organization for Formosan Straits;

(3) Problem points up larger issue necessity close US–Chi Milit Staff coordination for all purposes connection defense Formosa.

JONES

No. 28

S/P–NSC files, lot 62 D 1, NSC 128 Series

Report Submitted by the Senior Mutual Security Member of the NSC Staff (Roberts) to the Steering Committee on NSC 128 [1]

CONFIDENTIAL [WASHINGTON,] May 28, 1952.

U.S. ECONOMIC ASSISTANCE TO FORMOSA

A. PRESENT AND PROJECTED AID PROGRAMS FOR FORMOSA

1. Objectives

MSA is carrying on an economic aid program in Formosa with the following major objectives: (1) to maintain economic stability; (2) to lend economic support to the U.S. military assistance program; (3) to increase agricultural production and improve conditions of the farm population; (4) to rehabilitate and further develop basic utilities and industries, thereby providing the means for making Formosa more nearly self-supporting.

2. Program amounts

The program for the current fiscal year 1952 totals $81 million, and the proposed program for fiscal 1953 is $115 million, broken down by major categories as follows (in thousand dollars):

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[1] This report was circulated to the Steering Committee on NSC 128 with a covering memorandum of June 4 by Lay. The Steering Committee on NSC 128, consisting of the Senior State, Defense, Mutual Security, JCS, and CIA members of the NSC Staff, was constituted at a meeting of the Senior NSC Staff on Apr. 29, according to the record of that meeting, in order to prepare for Senior Staff consideration a draft of the report called for by NSC Action No. 624–b. (S/P–NSC files, lot 61 D 167, "Formosa") The record of a meeting on May 6 of the Steering Committee on NSC 128 states that the Committee agreed that the CIA should be requested to prepare a special estimate, the Senior Defense member should prepare a report on the current and projected military advisory and assistance program for Formosa, the Senior Mutual Security member should prepare a report on the current and projected program for economic assistance to Formosa, the Senior CIA member should prepare a report on current and projected activities in this general area, and upon receipt of these reports, the Steering Committee would determine subsequent procedure for the preparation of the report called for by NSC Action No. 624–b. (S/P–NSC files, lot 61 D 167, "Formosa") For text of NSC 128, Mar. 22, see the memorandum by Foster, Document 11. Regarding NSC Action 624–b, see footnote 6, Document 14.

	FY52		FY53	
Public Health		250		160
Agriculture, Forestry, Fisheries		*19,335		*21,075
Transportation, Power, Public Works		5,630		4,550
Manufacturing and Mining		3,550		3,785
Engineering Advisory Services		650		690
Education		35		20
Public Administration		255		345
Maintenance of Essential Supply:				
Civilian requirements	38,570		49,375	
Common-use items	12,725	51,295	35,000	84,375
Total		81,000		115,000

*Includes $18.9 million of fertilizer imports in FY '52 and $20.4 million in FY '53. [Footnote in the source text.]

The above dollar amounts for the two fiscal years do not furnish a realistic comparison of aid furnished since a supplementary FY '51 allocation of $41.6 million was made two weeks before the end of the fiscal year 1951 and is being used concurrently with FY '52 funds. This supplementary allocation raises the effective program total for FY '52 to $122.6 million, as compared with $115 million for FY '53.

[Here follows discussion of each of the program categories listed above, the status of the current aid program, ways in which the economic aid program supported the military assistance program, and MSA efforts to promote the production of key items in the Formosan economy.]

D. ANALYSIS OF ECONOMIC SITUATION

Formosa is faced with the problem of maintaining economic stability, which is vital to the defense of the Island, without domestic or foreign exchange resources adequate for the purpose. Although rich in natural resources, the Island's productive facilities have been subjected to severe strain by wartime bomb damage, disruption of traditional trade patterns and, most significant of all, by the necessity of supporting the Chinese Government and its armed forces. Formosa's indigenous population of approximately 7.5 million, as compared with 5.7 million before the war, is swollen by the presence of about 2 million mainlanders, of whom a substantial portion are military personnel and their dependents. The combined tasks of supporting an increased population, effecting some measure of reconstruction of productive facilities, and improving the capabilities of the armed forces, have proved impossible without major U.S. economic aid.

Japan utilized Formosa primarily as a colony from which to draw foodstuffs and raw materials in exchange for manufactured goods. Large quantities of rice and sugar were exported to Japan, and today these two items earn nearly 90 percent of Formosa's export exchange. At the same time, Japan installed on the Island a power system, as well as transportation and industrial facilities, including railroads, petroleum refinery, aluminum plant, iron and steel works, and fertilizer factories. These facilities were inherited by the Chinese in various stages of disrepair ranging from complete destruction by bombing to deferred maintenance. With MSA aid and with their own funds, the Chinese have rehabilitated and in some cases expanded these industries to meet increasing domestic needs. Production of key agricultural and industrial commodities has recovered since the war (with the notable exception of sugar) and in many instances has expanded beyond pre-war peaks. Increases in production of food crops are meaningful chiefly in terms of increased export earnings, as the Island is largely self-sufficient in foodstuffs. Larger local production of such items as cotton textiles and chemical fertilizers are significant in that they cut down import requirements and help close the balance of payments gap. In 1950 and early 1951 this gap was covered by drawing down of Chinese-owned gold and foreign exchange reserves to the point of near-exhaustion. At present, the gap is being filled by MSA aid. In 1951, MSA financed about 40 percent of Chinese imports.

Japan has traditionally been Formosa's chief trading partner, taking 93 percent of exports and supplying 86 percent of imports in 1937. Disruption of the Japanese market at the close of World War II was one of the serious economic difficulties facing Formosa. In 1950 and 1951 Japan was again Formosa's dominant trading partner, taking about one-third of its exports (mainly sugar and salt) and supplying about the same proportion of its imports (exclusive of MSA-financed imports). Chief imports from Japan include textiles, fertilizers, and machinery of various kinds. Trade with Japan has been fostered by a trade agreement signed in September 1950 and continuing in force up to the present; it is expected that the recent signing of a peace treaty [2] will be followed in the near future by negotiation of a new trade agreement.

Aside from Japan, Hong Kong and Malaya are the chief destinations of Formosan exports in the Asiatic area, while Hong Kong, India, and Australia are the most important suppliers in that part of the world. The United States is also an important source of Formosan imports, 19 percent of the total in 1950. If MSA-financed im-

[2] For documentation relating to the signing of a peace treaty between Japan and the Republic of China on Apr. 28, see the compilation on Japan in Part 2.

ports are included, imports from the United States assume sizable proportions. (Of all MSA-financed deliveries from June 5, 1950 to December 31, 1951 totalling $71.0 million, $39.0 million or 55 percent originated in the United States.)

Internally, the Formosan economy is faced with an ever-present threat of inflation, primarily due to chronic government budgetary deficits caused by the necessity of maintaining the 600,000-man military establishment. During 1950 and early 1951 the government covered most of its domestic budget deficit by liquidating gold and foreign exchange reserves, and financed the remainder by proceeds from the sale of MSA commodities, bond issues (largely forced loans), and inflationary measures such as note issuance and bank advances. By early 1951 gold and foreign exchange reserves had reached dangerously low levels. Had it not been for increased MSA aid during the fiscal years 1951 and 1952, a serious inflationary situation would have developed which might have well led to complete economic collapse. The 1952 budget has been planned with the benefit of advice of MAAG and the MSA Mission; and a system of budgetary controls has been instituted; consequently it is hoped that, with the help of sales proceeds from the planned level of MSA aid, there will be no need to resort to inflationary deficit financing during the current calendar year.

Primarily because of the budgetary imbalance, domestic prices have risen sharply during the past two years. The rate of increase, however, slowed down considerably in 1951 (and so far in 1952) as compared with 1950. The primary reason for the improvement is no doubt the large increase in the import of goods and the anticipation of continuing MSA assistance. But another reason is that money wages have risen less rapidly than prices; thus a decline in real wages has been experienced. Tremendous pressure for increased wages in behalf of troops and civil servants is indicative of this situation. The inflationary pressure hidden in this reduction of workers' real income is becoming critical. Higher money wages if sanctioned may prevent any further decline of price levels, even if programmed MSA deliveries are maintained as scheduled.

The inflationary impact of unbalanced budgets, while reduced by the imports of MSA commodities, has also resulted in a sharply increased money supply. Despite this factor, however, the government's budgetary situation and the resulting price inflation have caused a paradoxical shortage of money for financing productive enterprises. High interest rates, together with heavy taxation and fear of confiscation, have been strong deterrents to productive investment. Consequently, government financing and the MSA counterpart fund have been the only effective channels for providing short term capital needed to maintain and increase production.

The role of government corporations in the Formosan economy is significant, both because of the preponderance of government ownership in the Island's industrial economy, and because of the sizable share of government revenues which is contributed by these corporations in the form of income taxes, dividends, profits, and bond purchases. For a variety of reasons, many of the government corporations are continually faced with a lack of working capital to carry on operations. Because of the key position of these corporations from the standpoint of government finance, production levels, and close tie-in with the levels and structure of foreign exchange rates, MSA is working through several channels to improve their operations and financial condition. A Management Control Advisor on the Mission staff will offer technical assistance to these enterprises in the field of management and organization. In addition, a proposed contract with the Public Administration Service will provide for a comprehensive survey and recommendations on the management and accounting controls and methods of these corporations. On the technical operations side, the services of the J.G. White Engineering Corporation staff in Formosa are continually being utilized toward improved operating efficiency.

An assessment of the circumstances under which Formosa could become self-supporting must take into account, as the most important single factor, the burden of high expenditures for the maintenance of a military establishment. At present military costs constitute 80 percent of the national budget, and nearly 50 percent of consolidated national, provincial, and local budgets. As long as conditions in the Far East require continued emphasis on military defense, it will be impossible for Formosa to be entirely self-supporting.

Substantial progress, however, can and is being made along lines other than curtailment of military expenditures. For example, efforts to increase agricultural and industrial production are bearing fruit in increased export earnings from sugar, rice, tea, fruits, and other items, and decreased import requirements of such commodoties as soy beans, fertilizers, and textiles.

Difficult to gauge quantitatively, but nevertheless important as factors tending toward attainment of self-support, are the expected benefits from more complex relationships of developmental projects to various sectors of the economy: for example, the relationship of a new 6,500-foot highway bridge to agricultural yields in hitherto underdeveloped areas; the relationship of increased power output to irrigation and hence to agricultural yields; the relationship of more rational government budgeting to price stability. The hope is that the beneficial effects of such relationships as these will culminate in a steady decrease in the need for U.S. aid.

As against the favorable factors, indicators of economic weakness are likewise apparent; for example, public sensitivity to commodity shortages can be quickly translated into radical fluctuations of prices and interest rates. Pressures to expand military expenditures are stimulated by hopes of returning to the mainland. Because of military expenditures, essential government services such as the extension of adequate farm and industrial credit are being neglected or deferred. Gold and foreign exchange reserves are precariously small, considering the amounts which should prudently be held for currency backing and contingencies.

On the assumption that favorable factors in the economy will offset factors of economic weakness, substantial progress toward the goal of self-support is foreseeable by the end of FY'53.

No. 29

INR-NIE files

Special Estimate [1]

TOP SECRET
SE-27

[WASHINGTON,] June 5, 1952.

PROBABLE EFFECTS OF VARIOUS POSSIBLE COURSES OF ACTION WITH RESPECT TO COMMUNIST CHINA [2]

THE PROBLEM

To analyze the current status and effectiveness of controls on trade with Communist China, to examine the probable effectiveness of certain additional pressures which could be applied against Communist China, and to estimate Communist reactions to these measures.

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[1] Special Estimates (SEs) were high-level interdepartmental reports presenting authoritative appraisals of vital foreign policy problems on an immediate or crisis basis. SEs were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Estimates of the Central Intelligence Agency, approved by the IAC, and circulated under the aegis of the CIA to the President, appropriate officers of Cabinet level, and the National Security Council. The Department of State provided all political and some economic sections of SEs.

[2] A note on the source text reads: "The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated with the Central Intelligence Agency in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 29 May 1952."

ASSUMPTION

A continuation of the present situation or an intensification of the fighting in Korea.

CONCLUSIONS

1. *Present free world controls* on exports to Communist China have not prevented the build-up of Chinese Communist military strength. However, these controls have somewhat retarded the development of Communist China's economic potential.

2. Even if present controls were extended and strengthened so as to effect a *total embargo on non-Communist trade with Communist China,* the Soviet Bloc would probably assume the costs of meeting Communist China's most important non-military requirements without curtailing the delivery of military items so long as Western ships remained available for charter and transfer to meet Soviet Bloc shipping needs elsewhere.

3. Imposition of a *naval blockade in conjunction with a total embargo* would compel Communist China to rely on overland shipments from the USSR for virtually all its imports. Such a blockade would not be effective unless it included Port Arthur and Dairen.

4. This blockade would subject Communist China to considerable economic strain. We do not believe that, in the short run, there would be any significant reduction in Chinese Communist military capabilities or in the stability of the regime. A blockade would, however, seriously interfere with the execution of Chinese Communist long-term plans for economic development and would make it more costly for the USSR to underwrite an expansion of present Chinese Communist military capabilities or new military ventures.

5. In conjunction with an embargo and a naval blockade, effective and sustained *aerial interdiction* of key elements in the Chinese Communist rail and waterways system could have an extremely serious effect on Chinese Communist military capabilities, and the problems of maintaining the regime's political and economic controls would be greatly aggravated. Achievement of these significant results, however, would require a large-scale and sustained air bombardment campaign.

6. Imposition of a *total embargo* on non-Communist trade with China would probably have no significant effects on Chinese Communist or Soviet military courses of action.

7. Since a *naval blockade* would aggravate the logistical problems of Communist forces in the Far East, overland military ventures would be somewhat more difficult to undertake and overseas ventures much more difficult. On the other hand, imposition of a blockade would cause the Communists to reappraise Western inten-

tions and might possibly impel them to accept new risks in Korea, Indochina, or elsewhere.

8. The USSR might react to a naval blockade by attempting to escort merchant ships into Port Arthur and Dairen, by attempting to force the blockade at other points, or by waging mine and submarine warfare against the blockading forces. Blockading forces might also be subject to attack by the Chinese Communist Air Force.* However, the Kremlin would make its decision with regard to the blockade in the light of the global policy of the USSR, and probably would not make a determined effort to break the blockade unless the USSR was prepared to accept a major extension of hostilities with greatly increased likelihood of general war.

9. The Chinese Communists could be expected to react to *air attacks on their lines of communications* by making a maximum air defensive effort which might include air attacks against US/UN bases and aircraft carriers. Soviet air units would probably participate in the air defense effort ostensibly as a part of the Communist Air Force in China. In this event, there would be an extension of the *de facto* air war between the US and the USSR which we have grave reason to believe already exists in Korea.

DISCUSSION

Extent of Present Controls on Trade With Communist China

10. Most of the nations outside the Soviet Bloc apply some form of export controls against Communist China. The US has maintained a total trade and shipping embargo against Communist China ever since December 1950, while Canada and Japan have imposed restrictions almost as complete. The UK has blocked or restricted the shipment of a wide variety of strategic items, and, since July 1950, most of the Western European countries, as members of the Coordinating Committee (COCOM)† on East-West trade, have applied to Communist China the selective controls put into effect against the rest of the Soviet Bloc at the beginning of that year. A great number of other nations have taken action to restrict shipments to Communist China in accordance with the UN Additional Measures Resolution of May 1951. [3]

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* See footnote to paragraph 41, page 9 below. [Footnote in the source text. Paragraph 41 is not printed. The footnote under reference stated that it was estimated that a naval blockade of the China coast, including Dairen and Port Arthur, would cut off 75 to 90 percent of the tonnage which would otherwise come in through smuggling and Soviet bloc ships and that such a blockade could be set up so as to avoid effective Chinese air and naval counteraction.]

† Participants in the COCOM include Belgium, Denmark, France, West Germany, Italy, Luxembourg, the Netherlands, Norway, and Portugal as well as the US, the UK, and Canada. [Footnote in the source text.]

[3] For text of UN Resolution 500 (V), adopted by the General Assembly on May 18, 1951, see *Foreign Relations*, 1951, vol. VII, Part 2, p. 1988.

11. There has been a wide variation, however, in the contraband lists and enforcement measures being used by individual countries. Although the controls imposed by the UK and the continental COCOM countries [4] are fairly comprehensive, they fall far short of the total embargo imposed by the US. Other nations have shown little uniformity in their interpretation of the UN resolution, which covers transport supplies and equipment of strategic value and items useful in war production as well as petroleum and purely military items. A number of Middle Eastern and Southeast Asian countries have made no more than a general commitment to deny strategic materials to Communist China, while India, Pakistan, Burma, and Ceylon have taken no action under the UN resolution.

12. Shipping controls have been particularly weak. All the COCOM countries prohibit sales of ships to Communist China and have agreed to impose restrictions on sales of ships to the rest of the Soviet Bloc. These restrictions, however, have not prevented the circumvention of controls and the transfer of at least 27 vessels to Soviet Bloc flags since October 1950. Chartering controls and controls on ship construction, repairs, and bunkering are practically non-existent. Although the greater percentage of chartered vessels do not touch a Communist Chinese port, many of these vessels are employed in Western European, South Atlantic, and Indian Ocean trade, thereby releasing Communist flag vessels for direct service to Communist China. The US alone prohibits vessels of its own registry from entering the Communist Chinese supply line. Such controls, however, do not affect vessels of foreign registry which are owned and operated by persons residing within the US.

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[Here follow sections estimating the effect of the existing controls on Communist China, the effect of a total embargo on non-Communist trade with Communist China, the effectiveness of a naval blockade in increasing the pressure on Communist China, the effects of bombardment of lines of communication in conjunction with a blockade, and the Communist reaction to the implementation of these measures. Two annexes consist of selected tabular data and an estimate of the short-run effects of a total embargo on specific commodities.]

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[4] Discussions concerning items which should be embargoed to China had been taking place in COCOM since late 1951. Telegram 5567 from Paris, Mar. 13, reported that COCOM members had agreed on Mar. 11 to place all the items on International List II on the COCOM China embargo list; telegram 7757 from Paris, June 12, reported agreement at a June 10 meeting that all the items on International List III should be placed on the list. (493.009/3-1352 and 493.009/6-1252) Documentation concerning the COCOM discussions on this subject is in files 460.009 and 493.009.

No. 30

691.93/6–1252: Telegram

The Chargé in India (Taylor) to the Department of State [1]

TOP SECRET NEW DELHI, June 12, 1952—5 p.m.

4626. 1. Drumright called on Mrs. Pandit yesterday and had one hour conversation with her re Ind cultural mission trip to China. She spoke with candor, devoting most of talk to problems of detained missionaries and peace or war issue.

2. Mrs. Pandit said she had three conversations, each of about two hours duration, with Chou En-lai during her stay in Peiping. Chou had at first exhibited much reserve but warmed up when he apparently found she friendly, helpful, and speaking frankly to him.

3. She said she had talked with Chou at length about Indo Chi relations and need for keeping them on close, cordial basis. Chou had agreed, asserting this essential in present context world situation. Mrs. Pandit had then suggested there some obstacles and Chou had inquired as to their nature. She replied India disturbed at some indications China showing signs aggressive expansionism, citing case Tibet. She had told Chou India recognized Chi suzerainty over Tibet, but had been distressed and concerned when Chinese sent troops Tibet and assumed full administrative control. Chou replied China had merely asserted her legitimate rights in Tibet and had no aggressive designs whatever against India or any other country. Mrs. Pandit had stressed to Chou India earnestly desired follow policy of neutrality, but wld find it difficult to do so if China resorted to policy of territorial expansion.

4. Mrs. Pandit then said the second matter causing irritation was continued detention fon missionaries (she made no mention of other categories of detained foreigners). She said she went into this matter thoroughly with Chou, asserting she had been deluged with appeals, including one from Mrs. Roosevelt, before leaving India. She was personally interested in one married couple and Harriet Mills who was intimate friend her own daughter. She felt detention missionaries incommunicado, without stated cause and open trial, was indefensible and deep blot on Chi reputation. She therefore urged Chou to cause release these people who had done much good work in India as well as China, and thus contribute to improvement Chi relations with outside world. Chou had at first demurred, asserting missionaries but projection of western imperialism and some even involved in espionage. These latter wld have to pay pen-

[1] Repeated for information to London.

alty. Finally, however, Chou had agreed to consult his govt, and subsequently he had informed Mrs. Pandit his govt expected release missionaries except few guilty espionage in about six weeks time.

5. Mrs. Pandit said in this connection she had not found conditions propitious for delivery Roosevelt letter [2] and had therefore brought it back India and wld deliver it to Emb for return Mrs. Roosevelt. She explained she had used substance letter and had mentioned Mrs. Roosevelt's name in her appeal to Chou, but (as Drumright understood her) she never stated she had letter from Mrs. Roosevelt for Madame Sun to Chou or Mao. She had seen Madame Sun twice in Shanghai but had found her in seclusion, extraordinarily uncommunicative and even unwilling converse in English. She had taken Roosevelt letter when she went see Madame Sun, but since conversation led nowhere and Madame Sun in company four Chinese, she felt it inadvisable deliver letter. She added she had been told Madame Sun remained within her home Shanghai continuously except she went Peiping once each year to attend legislative meeting. Mrs. Pandit concluded Madame Sun living retired life and has had halo of saint cast about her by Commies but is removed from reality Chi politics.

6. Madame Pandit said she had discussed US attitude at great length with Chou and briefly with Mao, whom she saw for forty minutes at one interview. She said she made vigorous effort to convince Chou and Mao most Americans are peace-loving and seek peace just as much as Chinese. Pointing to her knowledge of US friendship with many distinguished Americans, she had strongly denied US aggressive or wanted wage war destroy Commie China. She had finally given Chou copy of SecState's letter to her (Deptel 2399, April 25), but had passed letter on merely as from unnamed source in US. (She explained she felt it advisable not to mention letter came from SecState, since at that time Commies were launched on virulent propaganda campaign against SecState). She felt her vigorous pleading and letter had produced some effect on Chou and Mao. Chou had appeared to retreat from previously adamant stand US embarked on warlike course and cld not be diverted. Mao, in his conversation with her, had referred to letter and had made what she regarded as significant statement that perhaps

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[2] See telegram 4301, Mar. 28, from London, Document 12. Madame Pandit had agreed to take with her a letter from Roosevelt to Madame Sun, on the understanding that she would deliver it only if she felt the circumstances were right. The letter urged Madame Sun to use her influence to alleviate the plight of foreign nationals under arrest or house arrest; contrary to Lamb's original proposal, it was confidential and not to be made public. A copy is filed with a letter from Bowles to Donald Kennedy, Oct. 21. (293.1111/10–2152)

India and UK cld exert themselves to bring about peace. (She said her conversation with Mao not otherwise significant since he had not displayed Chou's capacity to unbend and talk freely.)

7. Discussion foregoing topic had been bound up with Korean truce talks, expecially POW issue. She said Chou had told her emphatically China wanted peaceful and honorable solution, adding it was Korea which stood to lose all and which was being utterly destroyed by war. Chou had said Chinese wanted "honorable" settlement POW question, i.e. repatriation all POWs. Mrs. Pandit had expressed view UN wld never agree forcible repatriation POWs and urged Chinese reconsideration. She added compromise solution this problem had been attempted all during her stay Peiping and fol her departure by Panikkar who had, however, tel later when she Nanking that Koje disturbances had stymied further discussions.

8. Mrs. Pandit said with concurrence PriMin she had outlined situation to Lord Alexander [3] when he passed through Delhi eighth. She said he had expressed interest in possibility of Mao still seeking peaceful solution and he wld discuss question with Gen Clark [4] in Japan.

9. Mrs. Pandit reiterated view she had expressed to MP's tenth that Chi Commies in China to stay and it unwise ignore this fact. She felt Commies have fired enthusiasm of people and have channelled their energies toward much constructive work. She expressed opinion all segments populace except merchants and ex-landlords support regime, although she admitted she never had opportunity speak freely to common people. She spoke critically, however of methods used by Commies, especially regimentation, conscription, and educational indoctrination, but she stated emphatically Commies had got speedy results. Taking land redistribution as example, she said Commies carried out vast program in less than year whereas in her own province (UP) where program taken up nine years ago there still no implementation land reforms. She added she had remarked on this situation to PriMin.

10. She said, having obtained Nehru's sanction, she proposed write book which wld be all-round, objective account her impressions. In course conversation book *Brain Washing in China* mentioned and Drumright agreed meet her request for copy.

11. In taking leave Drumright expressed gratitude on behalf US govt for her assistance under most difficult circumstances. Mrs.

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[3] British Minister of Defense.

[4] Gen. Mark W. Clark had replaced General Ridgway as Commander in Chief, Far East.

Pandit concluded by stating there other aspects her mission which she wished discuss another time. [5]

TAYLOR

[5] See telegram 80 from New Delhi, Document 36.

No. 31

S/P–NSC files, lot 62 D 1, NSC 128

Report Submitted by the Senior Defense Member of the NSC Staff (Nash) to the Steering Committee on NSC 128 [1]

TOP SECRET [WASHINGTON,] June 13, 1952.

MILITARY ADVISORY AND ASSISTANCE PROGRAM FOR FORMOSA

1. The objective of the FY 1951, 1952 and 1953 MDAP programs with respect to the forces of the NGRC is to provide military assistance and training designed to improve their potential for the defense of the island of Formosa. Provision of military assistance was initiated in August 1950. The goal of the current programs is to build up the NGRC forces to the following strengths:

A. *Army:*

Ten armies of approximately 25,000, each including two infantry divisions with supporting elements.
One Separate Infantry Division (strength of 10,837).
One Armored Force Command (strength of 30,040).
One Paratroop Regimental Combat Team (strength of 3,660).

B. *Navy:*

Complete rehabilitation of the following Naval forces and Marine units:

6 Destroyers
7 Destroyer Escorts
10 Landing Ships Tanks
7 Landing Ships Medium
6 Landing Craft Infantry
7 Landing Craft Tank
3 Landing Craft Vehicle
13 Mine Sweepers
1 Mine Layer
2 Auxiliary Motor Mine Sweepers
1 River Gunboat

[1] Circulated to the Steering Committee on NSC 128 with a covering memorandum of June 13 by Lay, stating that the report had been submitted pursuant to the Steering Committee's agreement on May 6 (see footnote 1, Document 28). The report was labeled "Draft. For NSC Staff Consideration Only."

11 Gunboats
5 Motor Gunboats
2 Subchasers (P.C.)
1 Patrol Escort
3 Subchasers (S.C.)
1 Marine Brigade
1 Marine Guard Regiment
2 Marine Guard Battalions
2 Marine LVT Battalions

C. *Air Force:*

Augmentation of the CAF to include the following:

1 All-Weather Fighter Squadron
12 Fighter-Bomber Squadrons
6 Light-Bomber Squadrons
6 Transport Squadrons
1 Reconnaissance Squadron
6 AAA Regiments
1 Searchlight Regiment

For details as to breakdown of dollar value and end-items, see Tab A. [2]

2. The 31 infantry divisions of the NGRC are being reorganized into 21 divisions, without decreasing men under arms. This reorganization is along U.S. lines and should ultimately produce 21 half-sized U.S. divisions as indicated in paragraph 1. The Navy is being rejuvenated to bring it up to a state of effectiveness. Although adequate from a strictly numerical standpoint, it had declined to a point wherein most of the units could not put to sea. Ships are now in the process of being rehabilitated and training is steadily improving. Although aircraft have not yet been delivered to Formosa, a large number of the planes already in the possession of the CAF have been made operational and pilots are undergoing training with the primary purpose of supporting the Ground Forces.

3. The terms of reference under which MAAG, Formosa has been operating include the following:

A. The Chief of the MAAG is responsible for leading and coordinating U.S. military program efforts within the country and for making appropriate recommendations. He is primarily responsible for furnishing military judgment on all aspects of the program and for:

(1) Advising the military staff of the Chinese National Government on the initiation and development of requests for aid;
(2) Determining, in accordance with policy and instructions, matériel requirements, and submitting necessary itemized lists of equipment to be included in the country grant aid program;

[2] Tabs A, B, and C are not printed.

(3) Initiating recommendations for the standardization of equipment, training methods and doctrines, and advising in the implementation thereof;

(4) Advising and assisting in the development of approved training programs, and establishing such U.S. training detachments requested by the Chinese National Government as are approved by the U.S. Government. This will include direction of temporary training personnel assigned in accordance with approved policies and programs;

(5) Reporting on program progress, status of training, the capacity of the Chinese armed forces to utilize the equipment scheduled for shipment and similar matters.

B. CINCPAC is charged with responsibilities with reference to Formosa, assigned him in connection with the President's statement of 27 June 1950.

4. The FY 1951 and FY 1952 MDA programs total approximately $260 million. Depending on the availability of funds, the FY 1953 program will be approximately $218 million, for an overall total of $478 million.

5. The latest status and forecast of deliveries for FY 1951 and FY 1952 programs, Tab B, indicates that the greater part of the major items in these programs will be shipped to the NGRC by June 1953. If the equipment is delivered as indicated, the Ground Forces described in paragraph 1 will be 33 per cent equipped except for radios, radar sets and artillery ammunition. Shipments of the latter will not be complete until the last half of calendar year 1953.

6. Upon completion of the FY 1953 program and assuming that there will be no losses due to combat and if the U.S. is to furnish all the assistance required to maintain the NGRC forces at the level of the presently programmed objectives, the annual cost would be approximately $102 million. This figure is broken down by Service as follows:

Army	$71 million
Navy	9 million
Air Force	22 million

While programmed objectives will have been reached, it must be noted that unprogrammed equipment deficiencies will remain. The details of this support and equipment deficiencies are given in Tab C. There is a fertile field for defense support programs in Formosa. Studies have indicated requirements for substantial quantities of shop equipment and supplies. Such material has not been provided through military assistance because the existing criteria prohibit this type aid. However, early consideration must be given to the greatest possible degree of self sufficiency for the NGRC forces if the U.S. is to avoid a continuing commitment of the magnitude in-

dicated above. It should be noted that present statutory authority for assistance to the NGRC terminates as of 1 July 1954 except for phasing out activities.

7. The existing armed forces of the NGRC total approximately 600,000 and are composed of units which were removed from the mainland of China to Formosa, the Pescadores and other offshore islands. In view of their high attrition rate and a present average age of 27, these units need youthful replacements. The most logical source of such replacements is the native population of Formosa. It is currently estimated that approximately 480,000 Formosans between the ages of 15–24 would meet the physical standards for induction into the Nationalist military service. Any plan to draw substantial replacements from this source must take into consideration the Formosan antipathy to service abroad, the Nationalists' aversion to arming substantial numbers of the indigenous population, and the manpower requirements of the already unbalanced local economy. On the other hand, there is nothing in existing directives to the MAAG which would prohibit the training of the native Formosans. If recruiting amongst the Formosans, or any training that is to be given to this source of manpower requires changes in current programs, however, these changes must be approved by the Joint Chiefs of Staff.

8. The current U.S. military assistance program is designed to create a well-trained but austerely equipped army of 21 Divisions, a small modern air force and a navy capable of little more than coastal patrol. The goal has been primarily defensive. The amount of equipment that will be furnished under this program, however, would permit the offensive employment of at least limited numbers of these forces. Additional training would be required, and, if any amphibious operations were contemplated, special equipment would have to be furnished. Even then, however, any large-scale amphibious operations against the mainland of China or against Hainan Island would require U.S. logistic support and probably U.S. air and naval support.

9. If the U.S. military assistance program can be increased to a point which would provide offensive equipment and training for ten of the above 21 army divisions, and adequate defensive equipment for the remainder, a strategic reserve would have been created in the Asian area. This would require revision of existing training programs and an increase in current end-item programs to provide more equipment such as artillery, signal equipment of all types, ammunition, minimum engineer equipment, tanks, etc. for the ten offensive divisions. This might require approximately 350 million dollars in addition to the present programs. This is based on the assumption that no amphibious equipment would be fur-

nished, and that U.S. air and naval support would include transportation of the troops involved. An increase in program as indicated above would include approximately 90 days war reserve of equipment and ammunition.

10. Furthermore, the question of using NGRC forces for offensive operations is closely related to the time factor. These forces will not be equipped under existing programs until some time after calendar year 1953. The question, therefore, resolves itself into a problem of continuing the present program and recognizing that this effort can be converted to an offensive type of operation by the change indicated above to include a shortening of the time phasing of the present program. If a decision is reached as to the scale of offensive operations desired and as to the date for their execution, then suitable revisions could be made to implement the change in mission.

No. 32

Editorial Note

SE–29, a Special Estimate entitled "Present and Potential Offensive Capabilities of the Chinese Nationalists, and Probable Reactions to an Identifiable US Program of Preparing the Nationalists for Offensive Operations Against the Chinese Communists", dated June 18, was initiated at the request of the Steering Committee on NSC 128 (see footnote 1, Document 28). It was reviewed at a July 1 meeting of the Steering Committee. (Record of the meeting, S/P–NSC files, lot 61 D 167, "Formosa") A copy of SE–29 is in INR–NIE files.

No. 33

611.46G/6–2252: Telegram

The Consul General at Hong Kong (McConaughy) to the Department of State [1]

TOP SECRET HONG KONG, June 22, 1952—7 p.m.

3332. Re ConGen tel 3330, June 21, rptd London 180. [2]

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[1] Repeated to London.

[2] This telegram reported that during a farewell conversation between McConaughy and Sir Alexander Grantham, Governor of Hong Kong, Grantham had assured McConaughy that certain aircraft, which were involved in litigation by Civil

Continued

In course of same farewell conversation Governor said he wished express on eve of my departure from Hong Kong his deep appreciation of sympathetic understanding consistently shown by ConGen during my tenure of Hong Kong Govt position and of efforts I had made to reduce frictions to a minimum while pointing out arguments for taking firmer stand by Hong Kong Govt against Commie China. He said that while inevitably there had been difficulties and momentary irritations, especially fol imposition our trade and financial measures against Commie China in Dec 1950, way had been subsequently smoothed so that he felt at moment there were no difficulties between us worthy of mention.

We reviewed main events of mutual concern to us during my nineteen months tenure, including economic and financial restrictions of Dec 1950; evacuation advice to American dependents Jan 1951; perfection our emergency evacuation plans and establishment of arrangements for continued presence US naval transport here, Feb 1951; seizure of Chinese Commie tanker *Yung Hao* April 1951; imposition of sweeping Hong Kong export controls against Commie China June 1951; trial of CAT plane cases; gradual improvement US export licensing treatment Hong Kong latter half 1951; return American dependents Oct and Nov 1951; more intimate exchange of military info between our service attachés and British forces fol arrival new and more cooperative British Commander in Chief General Airey late 1951; Kowloon riot of Mar 1952; and subsequent American assistance in rushing tear gas replenishments to Hong Kong police; growing cooperation of Hong Kong Govt economic depts in supply of foreign trade, shipping and labor info and statistics recent months fol adjustment of misunderstanding which followed inadvertent release in US May 1951, of confidential Hong Kong Govt data incident to MacArthur hearings; and gradual hardening Hong Kong Govt position toward Commie China as typified by deportation Commie agitators, and indictment pro-Commie papers for sedition. Governor said as of now he is completely satis-

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Air Transport, Inc., an American corporation, and which had been impounded pending the disposition of the case, would not be permitted to leave Hong Kong for mainland China, regardless of the outcome of the case. (993.52/6–2152) The aircraft, along with other property in Hong Kong, had been acquired by Civil Air Transport, Inc., from the Chinese National Government in December 1949, but Hong Kong courts had ruled that their ownership had passed to the Chinese People's Government on Oct. 1, 1949. The case was at this time under appeal to the British Privy Council, which ruled in favor of Civil Air Transport, Inc., on July 28, 1952. For additional information concerning the case, see Marjorie M. Whiteman, *Digest of International Law*, vol. 2 (Washington, Government Printing Office, 1963), pp. 741–743 and 778–780.

Documentation concerning U.S. interest in the outcome of the case and concern that the planes should not be permitted to fall into the hands of the Chinese Communists is in files 993.52 and 711.5846G.

fied with operations US Govt agencies here, civil, military and CAS.

He has confidence no indiscreet action which wld seriously embarrass Hong Kong Govt wld be permitted by me. Said he had feeling while naturally together [*neither?*] he nor I cld always meet wishes of other 100 percent, we each cld and had accommodated the other whenever vital request had been made on either side. He said this was the way he wanted it, and he hoped it wld continue same way with my successor.

Governor said he had concurred in most critical decisions I have made which he knew of, including decision to recommend evacuation American dependents early in 1951. He said top secret info available to him at that time, and which he presumed was available to me, confirmed gravity Far Eastern situation Jan 1951, and made evacuation (particularly in absence US naval transportation arrangements) only prudent course.

I expressed gratitude to Governor for his cooperation. Said I had never doubted we were basically on same side and said I thought course of Hong Kong Govt and our own were only slightly divergent now, whereas they had been far apart in late 1950. I singled out Hong Kong Govt imposition export controls on Commie China June 1951 as most important single event that occurred during my time here. I considered several courtesy visits Admiral Radford and other top US commanders to Hong Kong as evidence of our friendly interest in Hong Kong's capability defend itself, and said I felt American interest in Hong Kong had grown as greatly in past one and one-half years as had Hong Kong Govt's desire to align itself more solidly with US against Chinese Communist threat.

McCONAUGHY

No. 34

Editorial Note

For text of an agreement relating to economic cooperation between the United States and the Republic of China, effected by an exchange of notes signed at Taipei on June 25, 1952, see TIAS 2657 or 3 UST (pt. 4) 4846.

No. 35

Editorial Note

Telegram 1 from Calcutta, July 1, transmitted an oral message to the United States Government from the Dalai Lama, which the Consulate General had received through an intermediary, replying to messages sent to the Dalai Lama in July and August 1951; for information concerning the latter, see despatch 21 and telegram 121 from Calcutta, July 16 and August 16, 1951, in *Foreign Relations*, 1951, volume VII, Part 2, pages 1753 and 1791. The Dalai Lama's message stated that he appreciated the United States attitude toward him and his subjects, that when the time was propitious for Tibet's liberation he hoped the United States would find it possible to give the Tibetan Government material aid and moral support, that the Tibetan people were not pro-Chinese but were Tibetans first and last, and that he hoped to send a written message soon.

The telegram also reported the intermediary's report that dissatisfaction and opposition to the Chinese were widespread, that the Tibetans were optimistic that they could eventually ejebt the Chinese, that the food situation in Lhasa was very bad, and that 90 percent of the 10 thousand Chinese troops in Lhasa were poorly fed, badly-clothed conscripts. (793B.00/7–152)

No. 36

793.00/7–752: Telegram

The Ambassador in India (Bowles) to the Department of State

SECRET NEW DELHI, July 7, 1952—6 p.m.

80. On Saturday July 5, Mrs. Pandit came to luncheon alone with Mrs. Bowles and me and discussed China with apparent frankness for more than two hours. She made fol points:

1. Those sections China which she visited seemed united and enthusiastic about present regime. Mrs. Pandit emphasized her tour [had] been limited largely northern China and that spirit may be somewhat less good south.

2. With exception Nanking and Tientsin Govt offs and individuals reported set lines in almost identical language in discussing fon affairs or other complex subjs. In Nanking and Tientsin she found considerably more frankness of observaticns and outspoken criticism purges public trials and mass executions.

3. Even those whom she knew cld speak English fluently insisted talking Chi thru interpreter. She specifically was requested speak in Hindi on public occasions. In other sitns she and other members of del spoke in English which was translated usually by Amer-educated Chi.

4. Madame Sun Yat-sen is closely confined Shanghai. She visits Peking once year briefly. Her home is quite Americanized in its furnishings and pictures, etc. She seemed bitter at world generally and had little to say.

5. Hate campaign against US unrelenting and probably quite effective in unifying country. She stated that all members del were shocked by thoroughness with which this campaign been developed.

6. Brit and other fon businessmen working under almost impossible difficulties but she surprised find little actual bitterness against Brit.

7. Chi health conditions remain serious even worse than in India. Existing hospitals, however, mostly Amer built, efficiently run (Mrs. Pandit saw only two villages presumably handpicked).

8. The effort being made educate people and particularly children is frightening in its thoroughness and doctrinaire qualities. From kindergarten up, every stage of education ruthlessly controlled. Roughly one-third younger people, now covered.

9. Mao Tse-tung clearly dominant factor. Her one conversation with him one-sided and quite unsatisfactory. He polite but no more than that.

Liu Shao-ch'i, in her opinion is second most powerful man in govt. He in charge all propaganda work, extremely competent, quite doctrinaire in his Commie philosophy but in poor health. She saw him briefly on but one occasion.

Chu Teh in charge armed forces, she found intelligent, tough, able, but doctrinaire Commie and quite inflexible.

Chou En-lai is in her opinion fourth in importance. In contrast to her drab reactions to top three she found Chou En-lai friendly, open, frank, willing listen and discuss many subjs on reasonable basis. She had three talks with him; two of them rather lengthy.

She told Chou En-lai when he opened up subj Korea that she hesitated discuss politics unless he clearly wished do so because she had spent considerable time US and because her friendship for Amer people generally well-known. She reported she told Chou En-lai that Amer people sincerely anxious end fighting Korea and there no desire for second [*third*] world war. She stated she told him Amer primarily afraid Russia and that Russia had given Amer much reason for fear. She said if Chi adopted policy wholly independent from Russia that Russia might modify her policy generally and world peace might be brought closer. This latter remark

caused Chou En-lai to flush and to reply with considerable emphasis Russia not running China and never wld.

Chou En-lai asked Mrs. Pandit about Amer aid India; whether Amers sought tie India down with polit strings, etc. Mrs. Pandit answered this not case. Chou En-lai asked detailed questions about various Amer personalities their influence in govt, etc.

She seemed genuinely convinced he interested in peace and anxious see China build herself up independent from Russia. However, she stated she did not know how much influence he had with other three top leaders and she inclined think that they with comparatively little knowledge outside world wld dominate policy making.

Mrs. Pandit said many believe present Governor of Manchuria [1] young, able doctrinaire will succeed Mao Tse-tung.

10. Everywhere she found extreme sensitiveness question Russian influence China. This was true not only high govt circles but among lower bureaucracy. She saw only few Russians, most them in hospital in Peking.

11. Mrs. Pandit seems honestly to believe that Chinese are not stooges Sov Union and not likely allow themselves be placed that position. However, feels they tough in their own right and over period years cld conceivably become strong and dangerous nation. She stated they obviously have many problems that their industry far less developed than that of India that they in no position fight major war. For this reason is convinced they will not move into Indochina. She believes they anxious for peace Korea but will not pay what seems to them too high price for that peace.

12. Mrs. Pandit then discussed Ind fon policy with frankness. She stated her brother's [2] views on Russia had hardened considerably in last year and particularly in last six months. She said he had been inclined naively to assume that all questions cld be settled by reason but actions Ind Commies and closer observations Sov Union cleared own thinking. She pointed out he and many other prominent Inds applied double-standard in judging Russian and Amer actions and attitude. She volunteered this must often be extremely trying to us but she rather smoothly said we should understand this backhanded tribute to high regard in which they held us.

She stated that India for present at least must do everything possible get on with China. She said it must be clear to me from what she had told me in confidence that this did not mean that she or other top Ind leaders had any illusions about basic nature Chinese Govt. However, India weak country and had very little choice but

[1] Kao Kang, Chairman of the Northeast People's Government, Commander and Political Commissar of the Northeast Military Region, and a Vice Chairman of the Central People's Government Council.

[2] Madame Pandit was the sister of Prime Minister Nehru.

to play for time her relations China, build up her econ strength, solve her many problems, exert what modifying influences she cld and hope for best.

BOWLES

No. 37

793.00/7-2252: Telegram

The Chargé in the Republic of China (Jones) to the Department of State

TOP SECRET TAIPEI, July 22, 1952—5 p.m.

77. Admiral Fechteler had private conversation with President Chiang Sunday July 20 at occasion of dinner given in his honor by Generalissimo. I was present at invitation of Generalissimo.

Conversation resulted in suggestion by Generalissimo "speaking as a friend to friend" that Chinese troops be used to invade Chinese mainland, with only matériel support from US, Generalissimo arguing this would be mere civil war and would not precipitate world conflict. Chinese military would need planes and ships and logistic support but he insisted no US personnel need be involved in combat operation which Generalissimo estimated could be conducted at one-third dollar cost of Korea.

Fukien–Amoy coast is not yet well-defended, Generalissimo said, although cities of Shanghai and Canton are. Plan has been worked out in detail for assault on coast which he offered to have shown to Admiral Fechteler.

Implication in Generalissimo's remarks on coastal defense was that time was of essence but subsequent discussions by Admiral Fechteler with [apparent omission] action in near future could be contemplated in view equipment and training required. Plans for assault on Amoy were shown last night to Admiral Fechteler and General Chase both of whom convinced tremendous amount preparatory work required before operation could be considered feasible.

General Chase further considers totally impracticable large-scale amphibious assault with present state equipment and training Chinese Armed Forces. Such operation in his opinion would require in foreseeable future substantial support from US Navy and Air Force and complete logistic support in addition to assistance and advice in planning.

Evident Generalissimo letting loose trial balloon but possible one meriting some consideration if sober analysis substantiates his contention as to Chinese capabilities.

Generalissimo also expressed himself as strongly in favor blockade of Chinese coast and bombing of Manchuria bases in event of failure truce efforts Korea which he believes inevitable.

Despatch follows. [1]

JONES

[1] Despatch 35 from Taipei, July 25, not printed.

No. 38

794A.00/5-2352

The Assistant Secretary of State for Far Eastern Affairs (Allison) to the Deputy Secretary of Defense (Foster)

TOP SECRET WASHINGTON, July 23, 1952.

MY DEAR MR. FOSTER: The American Embassy at Taipei recommended in May 1952 [1] that there be established on Formosa a "combined United States-Chinese operations friendly plane control organization for Formosan straits." That recommendation followed a request received by the Embassy from the Chinese Foreign Minister for closer liaison between the United States Seventh Fleet and the Chinese Ministry of National Defense. After considering the views of Minister Rankin, CINCPAC and MAAG Formosa, the Department of the Navy prepared a draft directive (Tab 1) [2] to MAAG Formosa and informally requested the concurrence of State in that new directive. Subsequently, the Department of State suggested that paragraph 1d of the proposed new directive [3] be amended to conform with language used in NSC 124/2; [4] informally, the Department of the Navy indicated its acceptance of the proposed amendment.

This letter confirms the concurrence of the Department of State in the proposed new directive to MAAG Formosa as amended (Tab 2), with the understanding that:

1. The Departments of the Navy, Army and Air Force, and the Office of Military Assistance concur;

[1] See telegram 1473 from Taipei, Document 27.

[2] Not printed.

[3] Paragraph 1.d. of the draft directive under reference reads as follows: "Assist CINCPAC in the development of plans for the participation offensively of NGRC forces in the event of Chinese Communist aggression outside Korea."

[4] Regarding NSC 124/2, see footnote 6, Document 17.

2. The directive does not authorize any disclosure of United States plans to, or discussion of United States plans with, the Government of China, with reference to possible use of Chinese National forces in the event of Chinese Communist aggression in Southeast Asia.

I understand that the Office of Military Assistance proposes the addition of a third paragraph to the proposed directive, stipulating that paragraphs 1 and 2 of the amended directive are not intended to alter or subordinate the primary MAAG mission as outlined in existing terms of reference. The Department of State would support the addition of such a third paragraph. [5]

Sincerely yours,

JOHN M. ALLISON

Enclosure (2)

Draft Telegram, Prepared in the Department of State

From: Commander in Chief, Pacific

To: Chief Military Assistance Advisory Group, Formosa

Subject: Mission Directive.

1. In furtherance of the discharge of the responsibility of the Commander in Chief, Pacific for the defense of Formosa and the Pescadores, you will carry out the following missions:

a. *Provide coordination,* as requested by CINCPACFLT or his designated commander, between the National Government Republic of China (NGRC) and U.S. naval and air forces conducting operations in the defense of Formosa and the Pescadores.

b. Upon request of CINCPACFLT, or his designated commander, assist and advise him regarding plans involving operations in which U.S. and NGRC forces are coordinated for purposes of defense.

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[5] The directive, sent to the Chief, MAAG Formosa in telegram 200336Z from CINCPAC, Oct. 19 (with an omission corrected by telegram 292229Z, Oct. 29), was identical to Enclosure 2 to Allison's letter, with the addition of a third numbered paragraph which reads as follows: "The above is not intended to alter or to subordinate your primary mission as outlined in your terms of reference (ISAC D–8/2A, 26 April 52 [*51*])." A supplementary directive, sent to the Chief, MAAG Formosa in telegram 200500Z from CINCPACFLT, Oct. 19/20, 1952, directed the latter to establish and assume command of a Formosa Liaison Center, which was to perform functions of liaison and coordination under the direction of the Commander, Seventh Fleet. Chase reported in telegram 270724Z (MG 8450) to CINCPACFLT, Oct. 27, that, pursuant to this directive, he had established and assumed command of the Formosa Liaison Center and Task Force 74. (All telegrams cited above in JCS records, 381 Formosa (11–8–48) Sec. 9) ISAC D–8/2a, April 26, 1951, is summarized in telegram 1145 to Taipei, April 25, 1951, the text of which is printed in *Foreign Relations,* 1951, vol. VII, Part 2, p. 1648.

c. As directed by CINCPAC advise NGRC on army, naval and air matters concerning the preparation and development of organization, operations, and overall strategic plans for the defense of Formosa and the Pescadores. In discharging this mission, the disclosure of any elements of U.S. plans to the NGRC will be as directed by CINCPAC. Any advice furnished will be only upon request by the NGRC and will be given in such a way that it will not commit the United States to any future course of action.

d. Assist CINCPAC in the development of plans for the utilization, as desirable and feasible, of NGRC forces in military operations in Southeast Asia, Korea, or China proper, in the event of Chinese Communist aggression in Indochina, Burma or Thailand.

2. You will keep Commander in Chief, Pacific fully informed on all matters of strategic importance affecting the defense of Formosa and the Pescadores.

No. 39

711.5893/7-2352

Memorandum of Telephone Conversation, by Jeffrey C. Kitchen, Special Assistant to the Secretary of State

CONFIDENTIAL [WASHINGTON,] July 23, 1952.

Participants: Secretary of Defense Lovett
Mr. Acheson

The Secretary called Mr. Lovett this afternoon regarding the United Press report from Honolulu containing a statement by a spokesman for Admiral Radford describing a show of force by the United States Naval Air Units off the coast of China. [1] The Secretary said he had hoped to get to Lovett before the latter's press conference, in case this question arose. Mr. Lovett said it had not come up in the conference.

The Secretary asked Mr. Lovett what this was about, and Mr. Lovett said that he did not know. The Secretary said that Radford's spokesman indicated that 100 jet planes were involved flying from a carrier task force. Mr. Lovett said that the maneuvers were the summer Seventh Fleet exercise which was publicized several weeks ago this is taking place in waters between Formosa, Okinawa and Japan—outside, of course, the territorial waters.

[1] According to the United Press report, a copy of which was attached to the source text, Admiral Radford's spokesman had stated that on July 22 about 100 U.S. planes had flown "just outside" the 3-mile limit off the Chinese coast in a maneuver, designed to "give the Communists something to think about," which would show that the Navy could bomb the coastal cities of Amoy, Foochow, and Swatow anytime without draining its forces in Korea.

The Secretary asked Mr. Lovett to let him read the ticker story and for Mr. Lovett to think about the reaction in the United Kingdom in the light of the commotion created by the Yalu power station bombings. [2]

(The Secretary read the ticker to Mr. Lovett)

After the Secretary read the ticker item, he inquired whether that treatment was a wise thing. Mr. Lovett implied that it was sophomoric—just crazy. The Secretary said he thought it would be much more impressive if the maneuvers were carried out and nothing said about it. As it is now, we will have the British and other Allies after us, and probably receive a propaganda protest from the Chinese.

Mr. Lovett said he would get in touch immediately with Admiral Duncan, who is the Acting Chief of Naval Operations. He reiterated that the statement was a ridiculous, silly thing.

Mr. Acheson said that we were expecting some questions from the press as to whether we knew about this, and asked Mr. Lovett what we should say about it. The Secretary said that what we would like to do is to say that this is an ordinary maneuver; but the Navy has gone out of its way to make this difficult.

Mr. Lovett said he would talk with Duncan and have it toned down in case the Defense Department is asked about it. Mr. Lovett said he heard about it only in the corridor, and had not seen the ticker report. He thought it could be stated that the Navy was having the maneuvers and that these would tie in with the defense of Formosa. Mr. Acheson said he thought it would be desirable to say that these are ordinary training maneuvers, and all forces were operating within the President's directive regarding Formosa and the mission of the Seventh Fleet. If it was put on that basis, some very low pressure talk would be fine.

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[2] On July 23 and 24, UN Command forces had bombed power installations in North Korea, including one on the Yalu River. For documentation on Korea, see volume XV.

No. 40

711.5893/7-2452

Memorandum of Telephone Conversation, by Jeffrey C. Kitchen, Special Assistant to the Secretary of State

CONFIDENTIAL [WASHINGTON,] July 24, 1952.

Participants: Mr. Lovett, Secretary of Defense
Mr. Acheson

The Secretary called Mr. Lovett this afternoon and said he would now give him the daily reading on the Navy. He then read to Mr. Lovett the following United Press release:

"Manila—(United Press-WCNS)—Admiral William Fechteler, U.S. Naval Chief of Operations, said he was in part responsible for the decision to make a show of strength with Navy jet fighters off the coast of China last Tuesday.

"Fechteler, who leaves tonight for Guam and the U.S. after a tour of Far East naval installations, said the show of strength was comparable to showing the Flag in peacetime.

"He added, however, that planes seem to give a stronger impression these days.

" 'They sure look good, don't they,' he grinned.

"Fechteler also said the Navy could deliver baby atom bombs in Korea if it is ordered to do so, but he said the Navy does not have such bombs now. He did not elaborate." 7/24

After reading this to Mr. Lovett, Mr. Acheson said he thought the Admiral had done "pretty well" *without* elaborating. Mr. Lovett agreed.

Mr. Lovett said that they had sent a message out last night telling the Commander-in-Chief of the Pacific to keep quiet and to see that his subordinates kept quiet, too. The message explained that these gratuitous interpretations were causing embarrassment to the Government and might cause additional questions from our Allies, which would be embarrassing. Mr. Lovett said that he believed that they had covered everybody, except Fechteler. Mr. Lovett said he would tell Fechteler whenever he gets back to Honolulu, not to make any further statements along this line.

No. 41

123 J. Leighton Stuart

Memorandum of Conversation, by Jeffrey C. Kitchen, Special Assistant to the Secretary of State

CONFIDENTIAL [WASHINGTON,] July 24, 1952.

In his call on the Secretary this afternoon, Ambassador Stuart [1] said that he desired to go to Taiwan. He said that his doctors had told him that he could travel if he waited until the end of August and if he made the journey by ship.

The Secretary said that he was sorry but he thought that this was out of the question. The Secretary said it was apparent to him

[1] J. Leighton Stuart, U.S. Ambassador to China, had been in the United States since leaving Nanking in August 1949.

that the Ambassador could not be expected to perform the rigorous duties of a chief of mission. Obviously, such an effort would kill him and the Secretary would have nothing to do with it.

Ambassador Stuart said he was afraid that that would be the Secretary's reply, that he accepted it, unhappily, but nevertheless he accepted it. The Secretary said that the Ambassador's central effort had to be to regain his health and that he should not consider any other activities at this juncture.

The Secretary did not press this point any further in connection with the recommendation that the Ambassador be asked to submit his resignation. [2] The Secretary told me that he did not have the heart to do it and that he thought it was appropriate that he leave the above ideas in the Ambassador's mind and that the Department should follow up after an appropriate interval.

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[2] An attached memorandum of July 23 from Assistant Secretary Allison to the Secretary made this recommendation; it stated that in a conversation with Acheson on Aug. 23, 1951. President Truman had approved a plan to request Stuart's resignation, but that Dean Rusk, then Assistant Secretary for Far Eastern Affairs, had been unable to discuss the matter with Stuart, and that a letter to Stuart signed by Acheson on Apr. 7, 1952, requesting his resignation, had not been delivered because of the precarious state of Stuart's health at the time.

No. 42

293.1111/7-2552: Telegram

The Chargé in the United Kingdom (Holmes) to the Department of State [1]

CONFIDENTIAL LONDON, July 25, 1952—6 p.m.

491. US natls detained in China.

1. Recalling three months gone since his comprehensive representations re fon natls Apr. 21,[2] and two months have passed since Chou En-lai's assurance to Mrs. Pandit (Embtel 5237, May 16),[3] Lamb July 17 then offered fol suggestions to FonOff:

(a) Though some persons released since April, others arrested. UKG therefore ought to press Commies about fon natls question lest it appear Brit acquiesce in this unsatisfactory situation.

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[1] Repeated for information to Hong Kong and New Delhi.

[2] See footnote 5, Document 15.

[3] Telegram 5237 reported that Panikkar had told Lamb about Madame Pandit's conversation with Chou En-lai concerning foreign missionaries in Chinese prisons; according to this report, Chou had stated that the Chinese People's Government proposed to release all such missionaries in about six weeks, except for two or three who had violated Chinese law by using wireless transmitters. (293.1111/5–1652)

(b) Further note shld be given Commies by Lamb on behalf UK, Canadian and Austral Govts, along these lines.

> "On April 21 I expressed grave concern (above govts) for their natls under arrest or detention in China, of whom comprehensive list was enclosed. There has since been no material improvement in situation, for though certain prisoners listed have been released (names given), others, namely Father William Westhoven, US citizen, and Sister Veronique, Canadian Sister, understand to have been arrested. In circumstances, I am instructed reiterate continuing anxiety felt by (above govts) for their natls and to repeat my previous request for info re welfare and whereabouts these people, nature of charges against them, and for facilities communicate with them".

(c) It might be desirable for new Indian Amb follow-up Mrs. Pandit's inquiry re missionaries if, as is likely, nothing further has happened by time he arrives in Peiping.

2. Emb endorses above, and makes fol suggestions: (a) Both approaches shld be used if possible. It not necessary that they be coordinated. However, Lamb's follow-up shld come first, for its main value may be as additional peg on which Indian Amb cld hang his argument. Note might be publicized with accompanying material emphasizing continued detention large majority of fon natls listed in Apr 21 note, to make it possible for Indian Amb to use it if he wished. (b) Even though it entails some delay, question of implementing Chou's assurance to Mrs. Pandit shld be raised with CPG by new Indian Amb, [4] not by Chargé Kaul, who may not have ready access to Chou. It wld seem appropriate subj for Amb's initial conversation with Chou, which presumably wld range widely over probs of mutual interest.

3. Wld appreciate Dept reactions to above for discussions with FonOff.

HOLMES

[4] Nedyan Raghavan was to succeed Panikkar as Ambassador.

No. 43

711.5893/7-2552

Memorandum of Telephone Conversation, by Jeffrey C. Kitchen, Special Assistant to the Secretary of State

CONFIDENTIAL [WASHINGTON,] July 25, 1952.

Participants: Mr. Lovett, Secretary of Defense
Mr. Acheson

The Secretary telephoned Mr. Lovett this morning. Mr. Acheson said the British Embassy had sent someone to the Department this morning to find out about the following:

Yesterday in Chicago at a Navy League meeting, the Secretary of the Navy, Mr. Kimball, spoke off the record. There was present at the meeting the British Consul General at Chicago. Kimball reportedly said that within the next two or three days there would be a large naval air task force operation off the China coast and that in this operation Navy flyers would overfly Chinese cities instead of keeping outside the three-mile limit. The Secretary said the Consul General had reported this to London, where there was a strong reaction, and we are being asked if it is true. Mr. Lovett said that he didn't think that there was anything to this report. Francis Whitehair (Under Secretary of the Navy) is back and Mr. Lovett said he would talk with him.

The Secretary asked if Mr. Kimball was in Chicago yesterday and Mr. Lovett confirmed that Kimball was in Chicago and was at the Navy League meeting.

Mr. Lovett said that he believes that the large Navy task force is not in the reported location at the moment, but he would call the Secretary after checking on the matter. [1]

Mr. Acheson said that if anything does happen now, we will really be in trouble with our Allies.

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[1] A memorandum by Kitchen, misdated July 24, stated that Secretary Lovett had called back to say that they had been in touch with Kimball, who said that the statement attributed to him was inaccurate; he had not said that the planes would overfly Chinese cities but that the maneuvers showed what could happen if they were required to do so. (711.5893/7–2452)

No. 44

753E.00/8–152: Telegram

The Acting Secretary of State to the Embassy in Portugal [1]

SECRET WASHINGTON, August 1, 1952—7:36 p.m.

57. Excon.

(1) Port Amb [2] today made oral representation to dept view recent Macao–Chi border incidents [3] stating fear trade restrictions with Chi prejudices Port control Macao. Suggested that if trade

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[1] Repeated to London, Paris, and Hong Kong, and to Kaneohe, Hawaii, for Allison, who was attending the First ANZUS Council meeting.

[2] Luis Esteves Fernandes.

[3] Portuguese and Chinese troops had exchanged gunfire with casualties on both sides on July 25–26 and 29–30.

controls were relaxed to permit export from Macao to Chi of "some" strategic goods, tense situation vis-à-vis Commie Chi might be alleviated.

(2) Dept replying to Amb to effect we believe problem is one that can best be handled by COCOM on basis application Chi embargo list to Macao. In view recent developments Port shld bring matter before COCOM on urgent basis. US inclined doubt relaxation trade controls wld appreciably affect Chi Commie attitude re Macao. In this connection we recall shipments strategic goods (see COCOM Doc 683 B, Apr 4 [4]) made in past from Macao to Commie Chi have not appeared affect Chi Commie attitude. US position expressed Deptel sent Lisbon 625 Rptd info London 6059 Paris 6852 Hong Kong 4159 [5] and in Emb Lisbons desp 858 May 29. [6]

(3) Re Chi Commie action cutting off food exports to Macao US prepared urge sympathetic consideration to problem of imports food from other sources if necessary.

BRUCE

[4] Not printed.

[5] Telegram 625 to Lisbon, May 20, set forth a proposal that the Portuguese Delegate to COCOM should propose (with U.S. support) that the COCOM China embargo list should be applied to Macao subject to exceptions procedures, under which the Macao authorities should certify that items on the list imported into Macao were essential for local use and should report all such imports and certificates to COCOM. The proposal was designed to enable the Macao authorities to transfer the onus of trade restrictions to the Western European exporting countries, thereby reducing the risk of reprisals. (493.53E9/4-2952)

[6] Despatch 858 transmitted a copy of a memorandum sent to the Portuguese Foreign Office by the Embassy on May 22 setting forth the Department's proposal. (493.53E9/5-2952) Despatch 167 from Lisbon, Sept. 26, reported that the Portuguese Government had rejected the proposal in a note of Sept. 19. (460.509/9-2652)

No. 45

293.1111/8-252: Telegram

The Ambassador in India (Bowles) to the Department of State [1]

SECRET NEW DELHI, August 2, 1952—6 p.m.

479. This morning Drumright saw Panikkar who just returned Delhi from South Ind, and discussed *detenu* question with him (Deptel 262 rptd London 608 Hong Kong 338). [2]

[1] Repeated for information to London and Hong Kong.

[2] Telegram 262 to New Delhi, July 28, asked if the Embassy had been able to clarify a discrepancy between Madame Pandit's report concerning the U.S. nationals imprisoned in China and a statement by Panikkar which had been reported from Hong Kong. It also suggested that Indian Chargé Kaul might raise the issue with the Peking Government or that Raghavan might do so upon his arrival. (293.1111/7-752)

Panikkar said he unable give any definite figures re number Amers held on security charges, pointing out Commie authorities divide *detenus* into three categories and continuously carry on investigations with result status *detenus* constantly changing. Parenthetically, Panikkar appeared anything but well informed on Madame Pandit's conversation with Chou En-lai. In Emb's view no useful purpose wld be served by pursuing discrepancy further.

Raghavan has arrived Delhi and expects remain here until about end August. His ETA Peiping early Sept. Emb expects hold discussions with Raghavan before his departure and wld find it useful have soonest info requested Embdesp 171, July 16. [3]

In Panikkar's opinion it futile make formal written representations to Commie authorities re *detenus*. Such success as he had experienced (he cited release of Italian intern Uncio) came as result personal conversations with Chou En-lai. Re Raghavan, Panikkar expressed personal view it wld be imposition to ask Raghavan to intercede until latter had four or five months to work up essential personal relationships. Panikkar seemed feel Kaul wld be of little use in this respect.

Panikkar expressed view there little prospect any blanket release Amers pending settlement Korean conflict. But he felt releases on gradual basis wld continue, especially Catholics, of whom Chinese want to be rid entirely.

Emb sees no objection UK making further representations for record along lines indicated London telegram 491 rptd Delhi 15, [4] but doubts they will produce any results.

As indicated above Emb expects discuss *detenus* with Raghavan, but doubts advisability requesting his informal intercession until he indicates he in position to do so effectively. Emb seeking return Roosevelt letter which in safekeeping MEA and will transmit as requested.

BOWLES

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[3] Not found in Department of State files.

[4] Document 42.

No. 46

293.1111/8-1452: Telegram

The Chargé in the United Kingdom (Holmes) to the Department of State [1]

SECRET LONDON, August 14, 1952—6 p.m.

858. Deptel 916, August 8, rptd New Delhi 385, Hong Kong 472. [2]

1. UKHC New Delhi August 11 reported MFA [*MEA*] apparently shared Panikkar's view fon nationals problem best handled by exercise great patience, and contemplated instructing Raghavan "play it long". He wld wait until Chi confidence obtained, then plead case on humanitarian grounds. Immediate Raghavan approach on basis Pandit conversations thus unlikely. UKHC also stated MFA [*MEA*] goes out of way avoid imputing "political" functions to Pandit mission. He therefore thought it difficult in any event persuade GOI follow up Pandit conversations with Chou. In circumstances, UKHC suggested best course wld be to inform GOI of Lamb's proposed representations, and discuss ways GOI cld help.

2. FonOff accepted this recommendation, and has instructed UKHC notify GOI and obtain comments. Until these recd, FonOff does not intend to instruct Lamb proceed with representations. It feels delay in delivery not important, and notes in any event, Lamb on leave until August 25. [3]

3. FonOff thinking is that formal representations by Lamb are ineffectual and merely matter of form. Important thing is to keep GOI interested and involved in problem, for Indian channel is by far most effective and productive one open to us.

4. Re Embtel 491, July 25. Regret United States Govt inadvertently omitted as one of govts on whose behalf note submitted.

5. As all three Australians held in China recently released, Australian Govt no longer concerned with this subject.

HOLMES

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[1] Repeated for information to New Delhi and Hong Kong.

[2] Telegram 916 stated that the Department believed it desirable that Lamb should deliver a note such as he had proposed as soon as possible and that it would welcome an approach to Chou by Raghavan as soon as possible after his arrival in Peking. (293.1111/7-2552)

[3] On Sept. 17, Lamb delivered to the Ministry of Foreign Affairs in Peking a note, dated Sept. 15, renewing the requests made in his earlier note (see footnote 5, Document 15), and attached list of 45 British, Canadian, and U.S. nationals reportedly under arrest and 27 U.S. and Canadian nationals reportedly under house arrest; copies were sent to the Department under cover of despatch 2013 from London, Oct. 29. (293.1111/10-2952)

No. 47

795.00/8–1352

Memorandum of the Substance of Discussion at a Department of State–Department of Defense Meeting, Held at the Pentagon, August 19, 1952, 11 a.m.

TOP SECRET

[Here follows a list of 15 persons present. The Defense Department delegation included Secretary Lovett, Deputy Secretary Foster, Assistant Secretary of the Army (Manpower and Reserve Forces) Fred Korth, Secretary of the Air Force Thomas K. Finletter, Secretary of the Navy Kimball, Army Chief of Staff General J. Lawton Collins, Air Force Deputy Chief of Staff for Personnel Lieutenant General Laurence S. Kuter, and Vice Chief of Naval Operations Admiral Donald B. Duncan. The State Department delegation included Under Secretary Bruce, Deputy Under Secretary Matthews, Allison, and Bohlen.]

Mr. Lovett: We have been working to see what means we could find to relieve the demands on U.S. troops in Korea. We would also like to profit from the $400 million poured into Formosa. There is a proposal by the Armed Forces Policy Committee [1] that we have under consideration which calls for the equipment of two Chinese Nationalist divisions to be used in one of several areas. This proposal was put up to the President for the purpose of working out the procedures of talking about it with the State Department and then with the South Koreans to see if they would welcome such divisions. We have not finished costing the equipment of these two divisions but we do know that we could equip two Formosan divisions more quickly than any others. We don't know how they would fight but we do know how the South Koreans fight. We also know that there would have to be additional equipment over and above the Formosan program to get these divisions combat-ready.

If we had two combat-ready Chinese Nationalist divisions they could be used in Korea, against the offshore islands, for temporary lodgment on the mainland or in Indochina.

One of the things we still need to have is expert judgment on the attitude of our U.N. partners, if we had these troops ready to be used. What would their attitude be if we (1) moved these forces to Korea, or (2) wanted to put them ashore on the mainland? On the

[1] Probably the Armed Forces Policy Council, which consisted of the Secretary and the Deputy Secretary of Defense, the three service secretaries, and the Joint Chiefs of Staff.

second point the U.S. would have to assume some responsibility for logistic support.

If you could answer these questions this morning we could go into the costing of this problem and tighten this thing up and then talk to you again. Our main object is to substitute more indigenous troops for U.S. troops.

Mr. Bruce: I should like to take up the use of Chinese Nationalists in Korea first. At a previous meeting [2] I believe this subject was fairly well covered in discussion. The discussion addressed itself to the difference between two Chinese and two South Korean divisions, or perhaps more South Koreans.

We feel our allies would oppose the use of Chinese Nationalists in Korea, and the Asians generally would be strongly opposed to their use.

There are some other points, but I don't want to engage in speculation.

Mr. Lovett: You might as well, we do it all the time.

Mr. Bruce: Well, there is the question of whether the Chinese troops would be effective in Korea. I think it is doubtful that they would attract many defectors. You might find the situation reversed and you would be worse off.

Leaving aside any question of priorities, the Department would be opposed to having Chiang or anyone else know that you intend to use the two Chinese divisions in Korea. The effect would be adverse on our allies and in Asia.

If you decided to proceed to fully equip these forces, is it necessary to decide now how they will be used?

Mr. Lovett: The procedures are lengthy in readying and transporting a division of this sort. If we put other countries on notice you would have to do it forthrightly. With Chiang you would have to have specific authority to use these troops in a particular place. Specifically, we could equip the two divisions and get them ready without saying they are for use in Korea, but the JCS paper and the Armed Forces Policy Committee paper [3] both say we should get the consent of our allies and Chiang before we go forward. That's about the story, Dave.

Mr. Bruce: We would anticipate no difficulty in getting Chiang's consent to use them in Korea or elsewhere. We would have difficulty with our allies. We have a very strong view that it would be injudicious to approach Chiang.

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[2] Reference is to a Department of State–Joint Chiefs of Staff meeting on Aug. 13, a record of which is in State–JCS Meetings, lot 61 D 417.

[3] Neither printed.

Mr. Lovett: I think it is also our view that Chiang would cause no problem and that those of us familiar with the situation also believe it would be hard to get the allies to agree to use Nationalist forces in Korea, but perhaps not so hard to get their consent for their use elsewhere. As to the danger in Asia, if we use them, I have not heard that point raised. That is a new element as far as I am concerned.

Mr. Matthews: With the Indians, it would be particularly bad. I also think any chance of an armistice would be blown sky high. The chances are not great now and if you tell Chiang he would certainly leak it very quickly.

Mr. Kimball: We are not doing very well with an armistice now. Maybe a change would help.

Mr. Lovett: Do you mean holding on to the anchor and throwing over the rope?

Let's settle on fundamentals. We have people fighting there who shouldn't be there if others, whom we could equip and who want to fight, could replace them. We would like to see more Asians fighting Asians. Within a few months, with no further steel strike and no further assists of that sort, we will be getting more equipment.

Mr. Bruce: We are in complete agreement in having more Asians fighting in that territory, but in Korea we think it would be better to have South Koreans, since then you would have a force on the ground capable of taking care of their own country. They would not have to withdraw if the fighting ended; the Chinese, I presume, would. We would like a strong force in Korea after the fighting stops, so there are advantages in having South Koreans. There are other things, such as the training of South Koreans, that is already going on, and the language problem, which would make it more feasible to equip more South Koreans.

Mr. Lovett: As to the use of the Chinese in other places, let's say against the mainland, what would the view of the Government and our allies be?

Mr. Bruce: If you equip them for that, I would hope you wouldn't let this be known, or let it become an issue with the allies.

Speaking personally, I would like two more Chinese divisions, but we are specifically against their use in Korea. As against the mainland, it would require far more consideration, at least in the State Department. But if you had two ready divisions, that would be another question. Do you have to decide what you are going to do with them now?

Mr. Lovett: I am not sure. I rather think we should have something definite in mind before we kick off into the wild blue. We don't have enough equipment to leave it on a standby basis with no use in mind. If we only equip the Chinese divisions up to the

MAAG level, which is less than a full combat level, we would be better off facing up to the fact that we cannot get much out of these divisions and take our additional equipment and give it to additional South Korean troops.

Mr. Bruce: You are faced with the problem of what to do with these Formosan forces, which have been called a "wasting asset". I believe General Chase reported that the average age of these troops was less than our own that he commanded in the last war. That there is waste however, if you have no objective in mind for these forces is no doubt true. But speaking for the State Department, we are opposed to sending the Chinese Nationalists to Korea. Second, we would want to know more of what is involved in action against the mainland before reaching a decision. Third, if you want to bring two divisions up to strength for use against Communist-held territory, or possibly Indochina, we would favor that. There would be a complication on their use in Indochina. However, an agreement to use these troops against the Chinese mainland is something we cannot decide at this time.

Mr. Lovett: Then to summarize:

The Department of State is now opposed to the idea of using Chinese Nationalist troops in Korea on rotation or in other programs.

The Department would welcome, if that is not too strong, the combat readiness of two additional Chinese divisions if that can be achieved without associating it with a statement of intent or decision to use them in any particular way.

Any undertaking with Chiang as to the ultimate use of these forces would be dangerous.

Mr. Bruce: I would question the word "welcome", but we would certainly agree.

Mr. Foster: Why don't you welcome that?

Mr. Bruce: There have been long conversations on this. I can't pass on the merits of arming two divisions completely or going ahead with twenty-one Chinese divisions under present programs.

Mr. Lovett: I'll settle for "agree" but I think Bill is right that there is a question whether we should go ahead and arm these divisions without knowing where to use them. Of course, everyone is aware of the importance of Formosa.

Mr. Matthews: There is certainly no doubt about the importance of Formosa, and I gather these two divisions are not necessary for its defense.

Mr. Lovett: They could be spared.

Mr. Allison: There is one other point. Unless there is an outbreak of Chinese aggression outside of Korea or a renewal of hostilities in Korea we would have a very difficult time. But if there is

new aggression outside of Korea or a new offensive there, we would have a very different situation with our allies.

Mr. Foster: You would wait until after the event?

Mr. Allison: I agree, Bill, that this is a difficulty.

Mr. Lovett: You would favor getting them ready?

Mr. Allison: Yes, so you could use them.

Mr. Foster: We have fumbled this along and I favor getting them ready. I think you can train them best in the field, so I have felt that rotation in Korea would be a good thing. We are getting a dilute force now that isn't much use. I would like a cutting tool.

Mr. Kimball: Would it be advantageous to inquire how the British and French would feel?

Mr. Allison: It is a safe speculation that they would oppose the thing now.

Mr. Matthews: There isn't much speculation there.

Mr. Lovett: I think that is practically a safe bet.

Mr. Bruce: May I ask Bill one thing. Our position is limited to opposition to the use of Chinese troops in Korea because we think there are over-riding considerations which make it not in the national interest. I admit that is argumentative, but as to what you do on Formosa we think we should build them up. The only hedge I make on welcoming this is that we cannot be enthusiastic about saying at this time that one of the reasons would be the employment of these forces on the mainland. It might well be that they would be a godsend, but we can't say that now.

. . . . . .

Mr. Matthews: I don't believe this problem has been up before us recently.

Mr. Bruce: We have never objected to hit-and-run raids.

Mr. Lovett: No, this would be an actual lodgment on the shore, where they would try to seize and hold territory.

I think unless others have something to contribute, we have explored some of this in an illuminating way and we can come back to it again later.

Mr. Bohlen: There is one thing I should like to add. I had not understood that this was a problem in which the military considerations were all on one side and the political on the other. I thought the military considerations involved in this problem were balanced. I don't think we should look at it as being a case where all the military factors are favorable and only the political are against.

Mr. Lovett: I agree it would not be fair to say that all of the military considerations are favorable.

Mr. Matthews: I would like to put in a plug for enthusiastically building up the South Koreans to hold their homeland and eventually permit a reduction of American forces.

Mr. Lovett: That's the fundamental interest we have.

One question which interested us was the psychological effects of having Chinese Nationalist troops fighting Chinese Communist troops.

Mr. Bruce: Is it very important, if you decide to bring the divisions to combat readiness, to have a plan of campaign fixed at this time?

Mr. Lovett: I would say no as to the plan of campaign, but you shouldn't divert equipment if it is only for the defense of Formosa per se. It would take a rugged enemy to get on the Island with the Seventh Fleet there.

Mr. Bruce: I would like to ask the following question: Have you determined here that there would be effective Nationalist troops capable of getting a lodgment on the mainland and maintaining themselves there without American ground forces?

Mr. Lovett: Yes, I think they would not require ground forces.

General Collins: I don't think the Chiefs have ever passed judgment on whether the Chinese could stay on the mainland with logistic support alone. They would certainly require air support.

Admiral Duncan: They would require active Navy and Air support.

General Collins: I am not prepared to say that solely with the Naval and Air support that could be made available they could stay ashore. My personal judgment is that it would be highly doubtful. It would depend on the amount of opposing air, so it is a debatable problem.

If it is at all contemplated that these troops should be used in Korea, the earlier the decision is made the better. The kind of equipment the Chinese need for the defense of Formosa and light raids, is not the kind they would need in Korea. For example, if these two divisions were to be used in Korea, or large-scale operations elsewhere, it would be better to give them 105s instead of their present 75s which are outmoded. The equipment and training would both be different. I would say if we have in mind their potential use in Korea we should spend some of the $165 millions to bring them up to a better T/O and E. This could be done, I think, without disclosing the use we wanted to make of them. As to winter equipment, this could be stockpiled. If you gave it to them Chiang would know where they were going and it would leak.

Mr. Bruce: Wouldn't the same desiderata apply if you used these forces against the mainland?

General Collins: Not necessarily. You wouldn't need winter equipment, for instance. It would be hard to fight on the mainland without tanks against forces who had tanks.

Mr. Kimball: Wouldn't the Communists have as much trouble bringing tanks against them in China?

General Collins: My, no. They could bring them by rail.

Mr. Lovett: They could bring them by ship and off-load them.

Mr. Bruce: I think I ought to make it clear that except for the use of these troops in Korea at this time, which I think inadvisable, we have no idea that it is wise to spend great amounts of money to train these troops just to hold Formosa.

Mr. Kimball: Smith (?) [4] and Radford think the Formosa troops could hold one and one-half million to two million troops on the mainland.

Mr. Bruce: These two divisions cannot do that.

Mr. Kimball: No.

Mr. Lovett: Thank you very much. We will go on with the consideration of this problem and get together further material here. [5]

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[4] Question mark in the source text; the reference is probably to Walter Bedell Smith.

[5] The subject was briefly discussed at a White House meeting on Sept. 24; see the memorandum by James S. Lay, Jr., Sept. 24, 1952, in vol. xv, Part 1, p. 532.

No. 48

124.934/9–552: Telegram

The Chargé in the Republic of China (Jones) to the Department of State

CONFIDENTIAL TAIPEI, September 5, 1952—11 a.m.

230. This tel reviews significant recent development re pay increase for mil and civil servants and related budget problems.

Govt recently prepared pay increase plan which wld increase govt expenditures by NT $216 million per year to replace original plan (ref Tomus A–115, June 13, 1952) [1] which wld have added NT $300 million yearly to expenditures. Fol conference last week with Pres Chiang, Chi members Econ Stabilization Board [2] proposed at Aug 28 mtg partial adoption new plan providing pay increase enlisted men and non-commissioned officers and township and village govt personnel at increased cost NT $6.7 million monthly or 81 million per annum. Amer participants ESB mtg, while admitting real

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[1] Not printed.

[2] The Economic Stabilization Board, established in early 1951, consisted of Chinese officials of cabinet level, together with representatives of the ECA (later MSA) Mission, the Military Assistance Advisory Group, and the Embassy, who participated in an advisory capacity; the Board was chaired by the Governor of Taiwan Province.

need for pay increase (common soldier receives 50 cents US per month), opposed proposal on budgetary grounds. Proposal referred back to subcomite for further study with instrs that procedure pay increase proposal submitted to ESB shld be accompanied by recommendations for providing necessary revenue.

Pay increase was known to be only one of several extra-budgetary expenditures contemplated by Chi Govt which if adopted wld threaten econ stability. These included extensive mil reserve training program and retirement program. It was my conviction shared by Dr. Schenck and Gen Chase (and by majority Chi members ESB, who, however, have not always been able make their views prevail in Exec Yuan and party councils) that basic issue of budgetary control was at stake. I, therefore, called series of conferences at my home Aug 30–Sept 1 attended by Min Fon Affairs, Min Finance and other top Chi officials and by Dr. Schenck and Gen Chase. These culminated in high-level Chi conference Sept 1 at which frank explanation budget sitn and US views thereon given Pres. Meeting had fol results:

1. Approval by Exec Yuan the next day of following principles presented by Gov Wu: [3]

a. Nat prov and local govt budgets to be consolidated and overall budget to be kept in balance;
b. If expenditures threaten exceed revenues lower priority expenditures to be eliminated or reduced;
c. Duplication of agencies at various govt levels to be eliminated;
d. Consolidated budget to be drawn up for all public enterprises thus clarifying fin position this important segment govt operations.

2. Plan for reserve mil forces submitted to Chi ES staff for realistic revision. Previous plan wld have inflated MND 1953 budget far beyond prospective available revenue.
3. Principles established that ESB shall in future review budgetary matters prior to govt action.
4. Emergency meeting ESB Sept 3 approved partial pay increase described above effective Sept and increase sales prices wine, tobacco to provide needed revenue.

Emb considers these events most important development in econ sphere in many months and long step forward in US efforts to obtain realistic Chi approach to budgetary and other problems affecting econ stability. Particularly significant was education afforded Pres by Chi-US difference of view re pay increase and his apparent acceptance of principles of balanced budget and ESB review of budgetary matters prior to govt action.

[3] K.C. Wu, Governor of Taiwan Province.

Despatch follows. [4]

JONES

[4] No despatch was sent concerning the developments reported here, but see despatch 141, Document 53.

No. 49

793B.11/9–1052: Telegram

The Consul at Calcutta (Soulen) to the Department of State [1]

TOP SECRET CALCUTTA, September 10, 1952—6 p.m.

79. Re Dept A–81 Aug 6 sent New Delhi copies to London, Calcutta; [2] New Delhi desp 506 Aug 20 [3] and Contel sent Dept 78 New Delhi 219 London 10 sent 10th. [4]

I contacted while in Darjeeling Sept 6 Gyalo Thondup. He obtaining some current Tib info from merchant friends and claims Dalai Lama's power influence over people increasing but many officials unreliable. Tib food situation poor, govt has distributed to people two-thirds its total grain reserves and DL has reduced taxes and plans despite nobles resistance distribute landlords large holdings to people beating Commies at own game.

. . . . . .

SOULEN

[1] Repeated for information to New Delhi and London.

[2] Airgram 81 to New Delhi gave instructions concerning possible contacts with the Dalai Lama's brother Gyalo Thondup, who had recently arrived in India from Tibet. It stated that neither Gyalo nor his wife was aware of the full U.S. interest in Tibet and that when the opportunity arose, they should be cautioned against linking themselves or Tibet with the United States. (793B.11/8–652)

[3] Despatch 506 from New Delhi recommended against using Gyalo as a source of background information, stating that it would be almost impossible to communicate with him in Calcutta or Darjeeling without arousing comment. (793B.11/8–2052)

[4] Telegram 78 from Calcutta reported information concerning Tibet which Soulen had learned during a trip to Sikkim. It stated that the Chinese were slowly consolidating their control of Tibet but that the Tibetans were restive, and the Dalai Lama's influence among the people was reportedly increasing. (893B.00/9–1052)

No. 50

INR-NIE files

National Intelligence Estimate [1]

SECRET
NIE-58

[WASHINGTON,] 10 September 1952.

RELATIONS BETWEEN THE CHINESE COMMUNIST REGIME AND THE USSR: THEIR PRESENT CHARACTER AND PROBABLE FUTURE COURSES [2]

THE PROBLEM

To estimate the present nature and state of relations between Communist China and the USSR and to estimate the probable courses of these relations over the next two years.

CONCLUSIONS

1. The Peiping regime accepts Moscow leadership in the world Communist movement, and is becoming increasingly dependent on the USSR economically and militarily. However, we believe that the Peiping regime retains some capability for independent action, and is in a position to influence the formulation of Communist policy in the Far East.

2. We believe that Moscow will try to extend and intensify its control over Communist China. However, we believe it unlikely that, at least during the period of this estimate, the Kremlin will be able by nonmilitary means to achieve a degree of control over Communist China comparable to that which it exercises over the European Satellites. We believe it is almost certain that the Kremlin will not attempt to achieve such control by military force.

3. Over the long run, Sino-Soviet solidarity might be weakened as a result of efforts by the USSR to intensify and extend its control

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[1] National Intelligence Estimates (NIEs) were high-level interdepartmental reports presenting authoritative appraisals of vital foreign policy problems. NIEs were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Estimates of the Central Intelligence Agency (CIA), approved by the IAC, and circulated under the aegis of the CIA to the President, appropriate officers of cabinet level, and the National Security Council. The Department of State provided all political and some economic sections of NIEs.

[2] A note on the source text reads: "The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. All members of the Intelligence Advisory Committee concurred in this estimate on 4 September 1952. See, however, the reservation of the Special Assistant, Intelligence, Department of State, to paragraphs 5 and 26."

over Communist China, disputes over Soviet economic and military assistance to Communist China, divergent views concerning the border areas, Communist Chinese efforts to control and direct Far Eastern "liberation movements," or divergent views over the priority of Far Eastern Communist objectives in relation to other world Communist objectives.

4. We believe that during the period of this estimate these factors will be far outweighed by close ideological ties and continuing mutual involvement in the pursuit of common objectives, particularly the elimination of Western influence from the Far East.

5. Although the Peiping regime will undoubtedly continue to attempt to gain legal recognition internationally, to secure Formosa, and to resume trade and commerce with the West, we do not believe that the existing Sino-Soviet solidarity can be weakened by non-Communist concessions to Communist China. Moreover, as we have previously estimated, we believe that Western pressures against Communist China, while weakening her, would not disrupt Sino-Soviet solidarity during the period of this estimate.*

DISCUSSION

Introduction

6. Communist China and the USSR present a united front to the world. Since the establishment of the Chinese Communist regime in 1949 there has been no reliable indication that either country has adopted any important course of action of joint concern without the consent of the other. In February 1950, the Chinese Communists and the USSR signed a 30-year treaty of friendship, alliance, and mutual assistance, and this treaty provides the formal basis for current relations between the two states.†

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* The Special Assistant, Intelligence, Department of State, believes that the difficult and complex problem of the possible effect of Western actions on Sino-Soviet solidarity requires more thorough study than has been possible in the course of preparing this or earlier national intelligence estimates. He therefore reserves judgment on the validity of paragraph five, preferring to state simply that a significant weakening of Sino-Soviet solidarity is unlikely during the period of this estimate. [Footnote in the source text.]

† The published text of the treaty is appended as Annex "A." The more important clauses of this brief and general treaty provide that: (a) in the event one party is attacked by Japan or any state allied with it and thus is involved in a state of war, the other will immediately render military and other assistance by all means at its disposal; (b) the two parties will consult with each other in regard to all important international problems affecting their common interests; and (c) each party undertakes, in conformity with the principles of equality, mutual benefit, and mutual respect for the national sovereignty and territorial integrity and noninterference in the internal affairs of the other, to develop and consolidate economic and cultural ties. [Footnote in the source text. The text of the treaty, signed at Moscow on Feb. 14, 1950, is not printed here; it may be found in *Documents on International Affairs, 1949–1950*, issued under the auspices of the Royal Institute of International Affairs (London, Oxford University Press, 1953), pp. 541–543.]

Current Status of Sino-Soviet Relationship

Soviet Communism and the Chinese Communist Party

7. The Chinese Communist Party (CCP), unlike the Communist parties of the European Satellites, gained power with little assistance from the Soviet Army. The Chinese Communist claims of independent achievement which allow the USSR credit only for ideological and moral support until the formation of the Peiping regime in October 1949, have some basis in fact although they underestimate the assistance given by the USSR during the period from 1945 to 1949.

8. The high command of most Communist parties in the world has undergone frequent and violent changes, which are believed to have been dictated from Moscow. In contrast, the CCP has exhibited unique stability and continuity in its leadership. This leadership undoubtedly takes pride in its independent rise to power and recognizes that it possesses a capacity for independent action.

9. The Chinese Communists claim for Mao Tse-tung authority in his own right as a Communist theoretician. This claim has been accepted in part by Moscow, and the prestige accorded Mao in this respect goes far beyond that accorded any other contemporary non-Soviet Communist. However, even those Chinese who would place Mao near Stalin in authority profess allegiance to the Marxist-Leninist-Stalinist doctrine held by the rulers in Moscow. The CCP leaders have repeatedly and emphatically proclaimed their adherence to Stalinism, their rejection of the "national selfishness" of Titoism, and their debt to the inspiration and example of the Russian leaders and the October Revolution. Common ideology is thus a strong force binding together the Chinese and Soviet regimes. Peiping and Moscow both aim at expelling all Western influence from Asia and at extending Communist control over the entire area. Both desire to spread the Communist world revolution.

Other Soviet Influences in Communist China

10. Soviet political and economic "advisors" are stationed in China at various governmental and party levels. We do not believe that these advisors issue direct orders, but the Chinese have been receptive to their advice, which seems to be given through Chinese intermediaries. Soviet advisors are not only attached to the government and the party and to certain economic and security organs, but are also assigned to specific engineering, industrial, and cultural projects. Neither these advisors nor the Kremlin has criticized, at least publicly, the internal policies of Communist China or the implementation of these policies.

11. The Korean war greatly increased Communist China's economic dependence on the USSR. The adoption of more severe West-

ern trade controls in July 1951 has accelerated the orientation of Communist China's trade to the Soviet Bloc. Although Communist Chinese economic dependence on the Bloc increases Soviet influence in Communist China, the USSR does not directly control the Chinese economy or operate any of the industry of mainland China (outside of Manchuria and Sinkiang).

12. The Korean war appears to be directed from joint Sino-Soviet military headquarters. The Chinese Communists are undoubtedly strongly influenced by Soviet military advisors, and it is probable that no major decisions are made in the Korean war without Soviet approval.

13. Except for captured equipment, the Chinese Communist forces are wholly dependent on the USSR for heavy items of military equipment, and the large scale of Soviet logistic support has presumably further increased Moscow's influence with the Chinese military. The Chinese Communist Air Force is largely a Soviet creation and is wholly dependent upon the USSR for equipment and supply.

Situation in the Border Areas

14. In Manchuria, the influence of Chinese Communist political and military leaders appears to outweigh that of the Soviet personnel in the area. Economic policies also reflect the central planning and directives of Peiping. Nevertheless, the USSR exerts great influence over economic and strategic developments in the area through its military and economic advisors, its intelligence activities, its supervision of rail lines, and its control of the Port Arthur naval base area. According to the Sino-Soviet agreements, ‡ Soviet control over Port Arthur and participation in the administration of Manchurian rail lines is scheduled to be terminated in 1952; [3] however, it is probable that such termination would not greatly lessen Soviet influence in Manchuria.

15. Soviet advisors and commercial enterprises in Inner Mongolia have economic and political influence, particularly in Eastern Inner Mongolia which borders on the USSR. However, Peiping has at least administrative control, and the strength of Chinese influence appears to be growing.

16. In Sinkiang, Peiping has stationed 70,000 troops and appears to exercise effective administrative control. For geographic reasons,

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‡ See Annex "B" for the published text of the agreement between Communist China and the USSR on the Chinese-Changchun Railway, Port Arthur, and Dairen. [Footnote in the source text. The text of the agreement, signed at Moscow on Feb. 14, 1950, is not printed here; it may be found in *Documents on International Affairs, 1949–1950,* pp. 543–545.]

[3] A Sino-Soviet exchange of notes on September 15, 1952, extended the deadline for the withdrawal of Soviet troops from Port Arthur; for text, see *United Nations Treaty Series,* vol. 226, p. 45.

however, Sinkiang's trade is chiefly with the USSR, and the Chinese need Soviet assistance to develop the resources of the area. The USSR exerts great influence through three Sino-Soviet companies and through Soviet citizens in the service of the provincial government.

17. Soviet influence in the border areas, political as well as economic, is extensive. At the same time, Chinese Communist political and territorial interests have apparently not been sacrificed in the interest of Soviet expansion. The trend since 1950 appears to be towards an increase in Chinese Communist administrative control.

The Character of Current Sino-Soviet Relations

18. From a consideration of the available evidence, we conclude that the Peiping regime—unlike the European Satellites—is not directly and completely controlled by the Kremlin. Sino-Soviet cooperation is based upon Chinese Communist acceptance of Moscow leadership in the world Communist movement, a common ideology, and the common objective of eliminating Western influence from the Far East. This relationship is further solidified by common hostility to a resurgent and non-Communist Japan and to US power in the western Pacific. It is greatly reinforced by the Kremlin's need for an ally in the Far East, and by Communist China's need for Soviet assistance in training and equipping its armed forces and in developing its economy.

19. We believe also that the size and potential of China, the strength and cohesion of the Chinese Communist Party, the traditional Chinese xenophobia, and the inherent difficulties encountered by foreigners in exercising control in China, have permitted the Chinese Communists to retain some capability for independent action and a capability to exert an influence upon the shaping of Communist policy in the Far East.

20. The Chinese Communist regime appears willing to subordinate, at least temporarily, those Chinese national interests which are incompatible with the interests of the USSR, to submerge any fears it may have of Soviet expansion at China's expense, and to substitute for China's traditional unilateral policy of playing foreign powers against one another, a joint Sino-Soviet policy of endeavoring to eliminate Western influence from Asia. Chinese Communist leaders probably estimate that close Sino-Soviet collaboration will ensure Chinese security from Western counteraction, and ensure Soviet economic and military aid without ending China's independence.

21. The Kremlin appears to recognize that Communist China now possesses the determination and some capacity to pursue its own interests. Moreover, the Kremlin almost certainly sees in the present relationship the opportunity to use Communist China to

weaken the Western position in Asia. On the other hand, the Kremlin probably views the relationship also as an opportunity to extend Soviet domination over Communist China by subversion, by making Communist China economically and militarily dependent upon the USSR, and by Soviet pressure upon the borderlands. Furthermore, a friendly Communist China provides the USSR with a defense in depth, constitutes a valuable potential source of manpower and other resources, and is an important political and psychological asset.

Future Course of Sino-Soviet Relations

22. We believe that the following factors will tend to ensure the continuation of Sino-Soviet solidarity during the period of this estimate:

a. The cohesive force of common ideology will probably continue to bind the two regimes together.

b. The military and economic dependence of Communist China upon the USSR will increase, at least for as long as the Korean war continues without settlement.

c. Continued US assistance to the Nationalist Government on Taiwan, the US–Japan Security Pact, and the ever-present apprehension of US action against Communist China itself will tend to draw Communist China and the USSR together.

d. Neither the USSR nor Communist China now appears capable of altering the current relationship to its advantage without jeopardizing the attainment of its own objectives. A Chinese Communist effort unilaterally to revise the relationship or to leave the Bloc would result in the cessation of Soviet economic and military aid and support and in serious dissension within the Chinese Communist Party and the armed forces. It might lead to armed conflict with the USSR. Similarly, a Kremlin effort to reduce Communist China to the status of the European Satellites might lead to armed conflict with Communist China and would divide and confuse the international Communist movement.

23. On the other hand, the following factors may, sooner or later, weaken Sino-Soviet solidarity:

a. The history of Sino-Russian relations is full of conflicts over Sinkiang, Mongolia, and Manchuria. During the last century there has been almost continuous Russian encroachment on Chinese interests in those areas. The Sino-Soviet Treaty of 1950 temporarily ended such border disputes. It is difficult to believe, however, that such long-standing disputes have been permanently settled. We think that they are likely to recur, in one form or another, and that they must be considered in assessing the probable course of Sino-Soviet relations in the future.

b. Having provided assistance and advice to the "liberation" movements of other countries in the Far East, Peiping may attempt to extend its own sphere of influence. China has traditional aspirations to primacy in the Far East, and there is evidence that the Chinese Communist role in other Far Eastern "liberation"

movements has been increasing but has not been permanently defined.

c. At present, the interests of China are for the most part confined to the Far East; those of the Kremlin are world-wide. Hence, the Chinese Communists may view the accomplishment of Far Eastern objectives with more urgency and impatience than do the Soviets, who might postpone action in the Far East because of situations elsewhere in the world. The Chinese Communists might make demands upon the USSR, or even take action, incompatible with long-range Soviet global interests. This is applicable to the Korean conflict which is a potential source of friction to the two regimes.

d. The Chinese Communist program of industrialization and military modernization increasingly depends on Soviet material and technical assistance. Frictions might arise because of Soviet inability or disinclination to supply capital equipment. Soviet conditions for such supply might be offensive to Chinese national pride.

e. We have estimated that the ultimate objective of the Kremlin is the establishment of a Communist world dominated from Moscow. We do not believe, however, that the leaders of Communist China would accept complete Soviet domination of China. Whether future leaders of China will do so is a question; if they do not, a serious clash of interests is certain.

24. We believe that Moscow will try to extend and intensify its control over Communist China. However, we believe it unlikely that, at least during the period of this estimate, the Kremlin will be able by nonmilitary means to achieve a degree of control over Communist China comparable to that which it exercises over the European Satellites. We believe it is almost certain that the Kremlin will not attempt to achieve such control by military force. The military conquest of China would be a long, difficult, and expensive process.

25. We believe that for the period of this estimate the factors tending to divide the USSR and Communist China will be far outweighed by close ideological ties and continuing mutual involvement in the pursuit of common objectives, particularly the elimination of Western influence from the Far East.

26. Although the Peiping regime will undoubtedly continue to attempt to gain legal recognition internationally, to secure Formosa, and to resume trade and commerce with the West, we do not believe that the existing Sino-Soviet solidarity can be weakened by non-Communist concessions to Communist China. Moreover, as we have previously estimated, we believe that Western pressures against Communist China, while weakening her, would not disrupt Sino-Soviet solidarity during the period of this estimate.§

§ The Special Assistant, Intelligence, Department of State, believes that the difficult and complex problem of the possible effect of Western actions on Sino-Soviet

Continued

No. 51

Editorial Note

On September 10, Secretary Acheson made a statement at a press conference denouncing the treatment of Americans imprisoned in Communist China and specifically discussing four cases of Americans who had died in prison or shortly after their release; the text of his statement is printed in Department of State *Bulletin*, September 22, 1952, page 440.

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solidarity requires more thorough study than has been possible in the course of preparing this or earlier national intelligence estimates. He therefore reserves judgment on the validity of paragraph twenty-six, preferring to state simply that a significant weakening of Sino-Soviet solidarity is unlikely during the period of this estimate. [Footnote in the source text.]

No. 52

493.419/9–1852

Memorandum by the President to the Secretary of State

PERSONAL AND CONFIDENTIAL WASHINGTON, September 18, 1952.

In an interview which I had with the Secretary of Defense, the Secretaries of the various Military Departments and the Chiefs of Staff, it was reported to me that the monthly tonnage through Hong Kong was 500,000 tons—

20% of which is retained in Hong Kong
40% is shipped into China coastwise, and
40% is shipped directly to China from Hong Kong

and that there has been a decided increase in the tonnage of British ships transporting supplies to China.

In addition to the Hong Kong tonnage it seems that there is 500,000 tons going into other ports. These figures are on a monthly basis.

I am thinking seriously about writing a personal letter to Churchill and reminding him of his conversation with me in which he stated that he would stop the British transport service from furnishing these supplies to Communist China. [1]

I'd like to have your viewpoint on this subject.

H. S. T.

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[1] The subject was discussed in the Truman–Churchill conversations of Jan. 5 and 6; see footnote 1, Document 3.

No. 53

793.5 MSP/9–1952

The Chargé in the Republic of China (Jones) to the Department of State

SECRET

No. 141

TAIPEI, September 19, 1952.

Subject: Discussion of Budget Policy and Military Program with President Chiang Kai-shek.

The Chargé d'Affaires and Major General William C. Chase, Chief, MAAG, called on President Chiang Kai-shek at his office on the morning of September 17, 1952, to discuss personally with the President the importance of the budget policy recently adopted (Embtel 230, September 5, 1952) and the progress of the Chinese armed forces during the past six months. General Chase's report was, in essence, an oral summary of the Mid-Year Progress Report, dated July 9, 1952, [1] which he submitted to the President via General Chou Chih-jou, Chief of the Chinese General Staff. (Four copies of this report were forwarded by MAAG on July 21 to the Adjutant General for distribution and one to General Olmsted, Office of Mutual Assistance, Department of Defense.) His oral presentation does not depart in any significant details from the formal report, though it brings that report up to date in some respects.

After the usual exchange of pleasantries, the Chargé d'Affaires commented as follows:

"We appreciate your taking time from your busy schedule to see us, Mr. President. The main purpose of our visit is to provide an opportunity for General Chase to report to you personally on the progress of the Chinese military forces during the past six months. I should like first, however, to make one or two brief comments on budget and economic policy.

"First, let me say, speaking for the Embassy, MSA, and MAAG, that I was very gratified to be informed recently by the foreign minister and the finance minister that you and the cabinet had definitely decided to adopt the principle of a balanced budget to apply to your operations for the last half of this fiscal year and all of the next fiscal year. This, in our view, is a great step forward.

"Under your leadership, Mr. President, Taiwan has made great progress economically during the past two years. The economy of the island has now reached the point of stabilization or at least the point where stabilization is possible if sound and wise policies are continued. This is why the balanced budget is so important. Present trends are favorable. We believe the price level can be maintained and the currency achieve general recognition as a

[1] Not printed.

sound currency if the budget is balanced, if, in other words, we do not spend money we do not have.

"One of the reasons we are so much interested in this, Mr. President, is our hope of encouraging American private investment on Taiwan. American investors are not going to invest money in any country where inflation is rampant. They are not interested in putting money anywhere and seeing its value deteriorate. But with a stable price level and a stable, sound currency on Taiwan, there is every reason for American investors to be interested. The first question a prospective investor is likely to ask is 'Is your government budget balanced?' For a balanced budget is one of the criteria of a sound financial position.

"There is one other phase of this matter in which you will be interested. MSA received a strong message from Mr. Harriman yesterday in which he emphasized that continuing economic aid from the United States to countries throughout the world would be dependent upon their carrying out sound economic policies. He asked for a report from Taiwan. Both Dr. Schenck and I were gratified to be able to make a favorable report on the policies of the Chinese Government which was headlined by your recent adoption of the policy of a balanced budget."

Mr. Jones then called on General Chase, who outlined the progress achieved in the military field. He emphasized first those elements of progress which he considered worthy of commendation. Morale in the armed forces, he said, continues to be high, and the reorganization of the ground troops is continuing in a satisfactory manner. He spoke of the establishment of a National War College on U.S. lines, and President Chiang commented that he believed this to be "extremely important". Training has as a whole been proceeding satisfactorily with the exception of the translation of U.S. training manuals into Chinese, which is still proceeding far too slowly. The President agreed that these manuals should be given a high priority. General Chase cited the cooperation of Senior Commanders, which he said was "satisfactory to excellent", the latter particularly in the Air Force and in the Chinese Marine Corps. The cooperation of junior officers was uniformly excellent. The Marines, in Major General Chou Yu-huan, have an excellent Commandant. Intelligence training, under Colonel Lai of G–2, Ministry of National Defense, has shown great improvement.

General Chase then turned from commendation of strengths to frank criticism of weaknesses still remaining within the Chinese national defense program. The chain of command in the armed forces, he said, is weak. Too much power is held directly by the Ministry of National Defense, particularly with regard to funds and personnel. As a result unit commanders are prone to dodge responsibility. Some of this refusal to accept responsibility is due to fear of the Political Department. The chain of command is at its

weakest in the Navy, where senior officers do not even appear particularly interested in going to sea with the units they command. The most effective chain of command is in the Air Force.

The General then took up the problem of cooperation and teamwork. Although this is improving at lower levels, as between the infantry, tanks, artillery, and signal corps, there is still much to be desired with regard to teamwork among the four principal services. A start has been made toward improvement, however. An air-ground training school will be a "going concern" shortly, and the removal of Chinese Naval Headquarters from Kaohsiung to Taipei should help.

General Chase was also critical of staff procedure, particularly with reference to the Political Department, whose officers in many instances carry on general staff functions. He said political officers are not trained to perform general staff duties and are incompetent to do so. President Chiang asked for concrete examples of interference by political officers with staff procedure. General Chase cited several. He said that U.S. staff methods are being taught in service schools here, but they must be put into practice, not just taught. For example, commanders should have the authority to reassign officers, which is still being handled entirely at the Ministry of National Defense level.

Maintenance is also still unsatisfactory. Parts and tools are in short supply and also trained mechanics. But this does not excuse commanding officers from their current tendency to refuse to take responsibility for maintenance. General Chase urged stronger command support to keep the "hardware" we are delivering in good condition.

The General turned next to the sloppy budget procedure within the Ministry of National Defense and their failure to live up even to the Chinese Government's budget procedure requirements. He said there had been some slight improvement, but pointed to the recent unauthorized construction of air raid shelters and the extensive barrack-building program at Feng Shan for ROTC students. MAAG's refusal to support the Ministry's excessively ambitious reserve program—beyond a top limit of 10,000 men yearly—was based largely on budgetary considerations.

General Chase concluded his presentation succinctly as follows:

a. He appreciated the cooperation which MAAG has been receiving from the Chinese, and he said he was urging the speedup of U.S. matériel deliveries.

b. He asked for strong command support from the President to achieve the following ends:

1. Decentralization of authority from the Ministry of National Defense to the Army, the Navy, and the Air Force.

2. Strengthening of the chain of command.
3. Making subordinate commanders strictly responsible for maintenance.
4. Complete compliance by the Ministry of National Defense with the budgetary procedures approved by the Economic Stabilization Board and the Executive Yuan.

c. MAAG will continue to help in every way. Its basic aim is to increase the combat efficiency of the Chinese armed forces.

President Chiang, commenting on General Chase's remarks, said that apparently the two biggest problems were the lack of responsibility on the part of commanding officers and the conflict between the Political Department and the command channel. General Chase agreed.

The Gimo then discussed at some length the military history of China, emphasizing that it is impossible to apply the same standard of measurement to Chinese officers and American officers, due to the difference in their background, education and military tradition. The Chinese officer has been accustomed to considering his army unit as his own personal property, he emphasized, and this was one of the factors contributing to the loss of the mainland. A Chinese commander assigned to an area would consider his army and the resources of that area as his own and proceed to build up a little province for himself. The growth of war lords in China was the product of this attitude and the reason for its continuance. China was a large country and the government had little direct contact with the commander.

The political workers in the army were appointed by the local commander, hence they had no loyalty to the government but only to the commander, he said. On Taiwan he had determined to remedy this situation. The political officer would be responsible to the government, not to the commander. He would be independent of the commander. To ensure loyalty and remove any fear the political worker might have of reporting disloyalty even in high ranking officers, he had appointed his own son (Chiang Ching-kuo) head of this organization so that its officers might know they would be in no danger if they reported information derogatory to some strong commander.

He recognized the problems of command that General Chase had brought out, but he felt very strongly on the subject of the necessity for keeping the political organization independent of command.

General Chase said in his opinion educational background was not too important, that a commander must accept responsibility for his unit and for carrying out orders delivered to him. He recognized that China was different from America but insisted that there must be some Chinese solution to this problem. His job was

to develop combat efficiency in the Chinese military forces, he pointed out. The weakness in the chain of command was interfering with that objective. He therefore felt it his duty to inform the President so that he might consider the problem and work out a solution which might well be a Chinese rather than an American solution.

The President thanked us for the frank and helpful presentation and indicated he would follow up promptly on the questions raised. During the entire conversation he had personally taken notes, although General Chou Chih-jou, Chief of the General Staff, was also present—the only other person present aside from the President's interpreter.

I was subsequently informed today by the Foreign Minister that the President had called a meeting the same afternoon of the top military leaders and had gone over the ground, item by item, that had been discussed by General Chase.

HOWARD P. JONES

No. 54

493.46G9/9-2552

Memorandum by the Secretary of State to the President [1]

PERSONAL AND CONFIDENTIAL [WASHINGTON,] September 25, 1952.

Subject: British Trade with Communist China through Hong Kong

I have looked into the matter of British trade with Communist China through Hong Kong, which you raised in your memorandum of September 18.

The best information available to us indicates that the actual cargo tonnage of exports from Hong Kong to Communist China is much smaller than the figures mentioned to you. The attached summary [2] includes the essential figures.

U.S. intelligence estimates based almost entirely on a joint US–UK study [3] of this very problem indicate that the volume of exports from Hong Kong to Communist China decreased from 444,000

[1] At a meeting with the President on Sept. 25, Acheson gave him this memorandum and discussed it with him. Acheson's memorandum of the conversation states that the President decided it would not be wise for him to raise the matter with Churchill unless that seemed desirable after full development of the facts and discussion through official channels. (Secretary's Memoranda of Conversation, lot 65 D 238)

[2] The summary, not printed, is not attached to the source text but is filed with a memorandum of Sept. 25 from Allison to Acheson. (493.46G9/9-2552)

[3] See footnote 4, Document 3.

long tons in the first half of 1951 to 170,000 tons in the second half of 1951, and further declined to only 147,000 tons in the first half of 1952. The total of non-Communist exports, excluding those carried by craft of less than 1,000 tons, averaged less than 50,000 tons a month during the first half of 1952. This is only a small fraction of the 900,000 tons a month (400,000 through Hong Kong and 500,000 other) referred to in your memorandum. It is possible that the discrepancy between these figures and the ones you cite arises from a confusion of annual and monthly figures.

The discrepancy might also be explained in part by a possible confusion between the registered gross tonnage capacity of ships engaged in the China trade, and actual cargo transported. Many ships in the China trade do not carry full cargoes inbound to Communist China. The total tonnage of UK vessels (over 1000 tons) arriving in Chinese Communist ports for the first half of 1951 was 356,000; for the second half of 1951 was 289,000; and for the first half of 1952 was 436,000. Total tonnage of all non-Communist ships over 1,000 tons engaged in the trade with Communist China for the same periods was as follows: 1,213,000; 643,000; and 793,000. While a regrettable increase in British tonnage is shown for the first half of 1952, the total is still far short of the figure quoted to you. Furthermore, since many ships travel in ballast, the gross tonnage figures are not very useful in arriving at an estimate of the cargo carried.

A somewhat similar allegation which we could not document got us into a rather embarrassing situation with the Prime Minister when he was here last winter. So far as we are aware, there was no commitment from him to cut the traffic further, after we failed to support our charges in full.

In any event, the British participation in this trade seems not to be as extensive as charged. In addition, it should be noted that the figures on tons of cargo shipped do not, of course, indicate the strategic or non-strategic composition of such cargo. Probably little of the Hong Kong cargo was in the clearly strategic category. Since June 25, 1951 the Hong Kong Government has enforced a ban on the shipment of a long list of strategic and semi-strategic goods to Communist China. This ban has made the Hong Kong trade with Communist China much less objectionable to us than formerly.

Although as a result of a series of negotiations over the last few years we have received a higher degree of cooperation from the British in the control of strategic exports, there is admittedly room for improvement in British measures of economic restriction against Communist China. We would like to see additional items added to their list of banned exports; we would like to see a closer control of cargo for Communist China transiting Hong Kong on

through bills of lading; and we would like to see a substantial reduction in British shipping to Communist China, which would cover British-owned vessels chartered to non-British interests, as well as British-operated vessels. However, before we press for a further sharp cut in British trade with Communist China, we shall need to decide what reply we are to make to inevitable questions about how Hong Kong is to exist without appreciable China trade.

The present moment does not seem opportune for an approach at the highest level. Some of the facts are still in dispute. A joint US–UK intelligence study on the statistics of British trade with Communist China is now going on in London. It would seem advisable to await the outcome of this study, which should result in an agreed US–UK evaluation of the present situation and furnish more current figures recognized by the British as valid.

DEAN ACHESON

No. 55

493.009/10–2052

Memorandum of Conversation, by Frederick E. Nolting, Special Assistant to the Deputy Under Secretary of State [1]

SECRET [WASHINGTON,] October 20, 1952.

Subject: Discussion with Defense on Desirability of Attempting Total Embargo against Communist China

Participants: Dept. of Defense: Mr. Frank Nash
Dept. of State—Deputy Under Secretary: Mr. Matthews
FE: Mr. Johnson
EUR: Mr. Bonbright
E: Mr. Linder
CA: Mr. McConaughy
S/P: Mr. Stelle
G: Mr. Nolting

Mr. Matthews said that he had requested Mr. Nash to come over in order to start wheels moving in Defense to enable the Government to reach a decision on the desirability and feasibility of stepping up the present embargo against Communist China to the point of a total embargo, or as near to that as we can get. He said

[1] Previously unidentified participants listed below are: James C.H. Bonbright, Deputy Assistant Secretary of State for European Affairs; Harold F. Linder, Deputy Assistant Secretary of State for Economic Affairs; and Charles C. Stelle of the Policy Planning Staff.

that we have been taking a hard look at this problem; that there are many angles from which the problem must be considered; and that one of the chief angles is the effect such a move might have upon Hong Kong. It was pointed out that in several conversations recently with the British in an effort to persuade the British to tighten up further on their restrictions against trade with Communist China, the British have always raised the question of the effect of such action upon Hong Kong. In this connection, Mr. Matthews asked Mr. Nash to request the JCS to consider the two following questions:

a. In the event it is decided to urge the British to increase their embargo measures against Communist China, and in the event that they in turn raise the question of what help we will give them if Hong Kong is attacked, what commitments would we be able to give the British with respect to aid in the defense of Hong Kong? Similarly, what commitments or assurances could we give the Portuguese with respect to Macau?

b. In the light of such commitments and other factors, what is the military view of the balance between advantages to be gained from increased embargo against China on the one hand and the additional risk of spreading war in the Far East on the other?

Mr. Nash undertook to start consideration of these questions in the Pentagon.

In the course of subsequent discussion, it was made clear that the problem of Hong Kong was only one of a number of factors entering into a decision to attempt to bring about a total embargo; that Macau also would present a problem of a similar kind; that among the principal non-Communist shippers of goods to Communist China are Pakistan, Ceylon, India and Indonesia, and that an approach to the British would be only an opening attempt to get a fuller degree of cooperation from other countries; and that, if a decision were taken to try to tighten the present embargo, we would first attempt to do so by bilateral conversations, and then probably seek UN ratification of bilateral understandings already arrived at.

No. 56

793.001/10-2752: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State [1]

SECRET TAIPEI, October 27, 1952—noon.

436. Dept pass Defense. During call on Generalissimo Oct 25 with Foster, Nash, Bendetsen, [2] Chase and myself present, fol matters came up:

1. Asked re capabilities of ChiComs in SE Asia, Generalissimo thought they cld overrun IC, Thailand, Burma whenever they wished unless opposed by US ground forces in addition to naval and air forces. Responding to question whether ChiNat forces might be able help, he saw no purpose sending his troops to IC but expressed firm belief they cld play decisive part in supporting SE Asia by landing on "mainland."
2. Generalissimo remarked ChiComs cld attack Formosa with 50 percent chance of success but their chances wld be far less in face of ChiNat landing on mainland.
3. Answering query re utility of sending ChiNat troops to Korea, Generalissimo said it wld provide valuable training for them and encourage surrenders of ChiCom troops. He did not believe it cld contribute decisively to course of events in Korea.

Comment: Generalissimo's remarks evidently influenced by poor opinion of French and his paramount aim of returning to mainland. He did not specify what part of mainland he preferred invade. This doubtless wld be affected by circumstances at time but he probably shares PriMin Ch'en Ch'eng's view that the stronger the ChiNats are on D-Day the farther north they shld land. Generalissimo avoided "renewing" offer of troops for Korea but said nothing to indicate he wld not do so on mutually satisfactory basis, presumably involving two divisions to be fully equipped by US upon arrival in Korea so as not to weaken Formosa defenses by taking scarce equipment from here.

RANKIN

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[1] Repeated to Manila for Allison, Foster, and Radford. Assistant Secretary Allison toured U.S. Missions in the Far East Sept. 26–Nov. 6. He was in Formosa Oct. 30–Nov. 6. No memoranda of his conversations in Taipei have been found in Department of State files, but an informal report on his trip, undated, which includes a brief report on his visit to Formosa is in file 110.15 AL/12-552.

Deputy Secretary of Defense was making an inspection tour of U.S. installations.

[2] Under Secretary of the Army Karl R. Bendetsen.

No. 57

Editorial Note

NIE–47, "Communist Capabilities and Intentions in Asia Through Mid-1953," October 31, 1952, is not printed; a copy is in INR–NIE files.

No. 58

Editorial Note

An agreement between the United States and the Republic of China, concerning the status of the United States Military Assistance Advisory Group, was effected by an exchange of notes signed at Taipei on October 23 and November 1, 1952; the text may be found in 3 UST (pt. 4) 5166.

No. 59

293.1111/11–752: Telegram

The Acting Secretary of State to the Embassy in India [1]

SECRET WASHINGTON, November 7, 1952—1:51 p.m.

1367. With ref Deptel 2802 Oct 21 to London rptd New Delhi 1177 Hong Kong 1470 Ottawa 77 [2] pls ask GOI request Raghavan present humanitarian appeal Peiping auths behalf Amers and other fon natls under arrest Commie China along lines reftel. You shld stress matter more urgent than ever with onset winter, situation of many undoubtedly critical, at least three Amers having died in prison or as result imprisonment.

You may inform GOI it is this govt's understanding Brit Govt wld desire Commonwealth natls in similar situation that of Amers be included in appeal, wld prefer Brit Chargé Lamb Peiping concert with Raghavan if GOI agreeable, and will so inform Lamb. In either case Lamb can give Raghavan current info any time re nr and identity Amers and Commonwealth natls under arrest.

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[1] Repeated to London, Ottawa, and Hong Kong.

[2] This telegram stated that the Department expected to ask the Indian Government to request Raghavan to appeal to the Peking authorities on behalf of the imprisoned Americans on humanitarian grounds, stressing concern that they be enabled to have warm bedding and clothing, vitamins, and any needed medicine. (293.1111/10–2152)

Canadian Emb has informed Dept Canadian Govt will be ready ask its HC New Delhi approach GOI if such action appears appropriate.

Pls keep Dept informed.

BRUCE

No. 60

293.1111/12-452: Telegram

The Ambassador in the United Kingdom (Gifford) to the Department of State [1]

SECRET LONDON, December 4, 1952—7 p.m.

3139. Deptel 3663 Dec 1 rptd New Delhi 1608, Ottawa 116, Hong Kong 2036. [2] Lamb reports he talked Nov 29 with Raghavan, who said he considering how he could help foreign nationals, but has reached no definite conclusion. He thinking of making separate informal approaches on behalf Commonwealth and US nationals. Lamb responded anything Raghavan could do would be welcomed.

After reporting above, Lamb suggested he be authorized, in any event, to address further note to Chi Commies on behalf foreign nationals, expressing concern US and UK govts. In view his recommendations and Dept's reftel, of which FonOff informed, believe FonOff will shortly instruct Lamb proceed with representations, with such support as Raghavan can be persuaded to give. [3]

GIFFORD

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[1] Repeated for information to New Delhi, Ottawa, and Hong Kong.

[2] This telegram instructed the Embassy to inform the Foreign Office that the Department believed it desirable, since it appeared that Indian action on behalf of foreign nationals in China would be long delayed, for Lamb to go ahead with a humanitarian appeal, informing Raghavan of his intentions, in order to give the latter the opportunity to suggest similar action to the Indian Government. (293.1111/12-152)

[3] Telegram 3437 from London, Dec. 19, reported that the British Chargé in Peking had submitted a note on Dec. 17 appealing on behalf of British Commonwealth and U.S. nationals. Raghavan had seen the draft and had concurred in its terms but had not undertaken to make a supporting approach. (293.1111/12-1952)

No. 61

740.5/12-552: Telegram

The Special Representative in Europe (Draper) to the Department of State [1]

SECRET PARIS, December 5, 1952—10 p.m.

Polto 910. Excon. As result considered estimate impact on PC's, Wash China Comite [2] statement as amended Topol 494 [3] amplified in terms increased emphasis on special nature China problem and greater specificity as to action program, and presented to CHINCOM Dec 4 in two parts.

First by Ludden [4] constituted broad policy statement embracing the language of Para 2 reftel [5] together with emphasis on China's economic, mil and ideological ties with USSR and expression view that Korea is only current manifestation China's aggressive, expansionist design constituting especially urgent situation. China trade control problems special because of China's size and geographic position, possession of important resources, powerful military force, population, ties to USSR. However, undeveloped in number of listed respects, hence more dependent on imports than rest of bloc for mil and mil-support goods.

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[1] Responsibility for U.S. participation in the Consultative Group and its subsidiary bodies was shifted on Nov. 1 from the Embassy in Paris to the Special Representative in Europe.

[2] The China Committee (CHINCOM) was a permanent working group of the Consultative Group, established by COCOM pursuant to a Consultative Group directive of Sept. 19. It was responsible for the development and implementation of the detailed aspects of security export control policy relating to China (defined to include Communist China and North Korea) as laid down by the Consultative Group. All governments of the Consultative Group were entitled to participate fully in the Committee's decisions with respect to issues in which they considered they had an interest, but Canada, France, Japan, the United Kingdom, and the United States were to be permanently represented and to initiate the work of the Committee. The Consultative Group directive was transmitted to the Department under cover of despatch 588 from Paris, Sept. 19. (460.509/9–1952) The establishment of the China Committee had been recommended to the Consultative Group by Canada, France, Japan, the United Kingdom, and the United States following a meeting in Washington July 28–Aug. 2; for documentation, see Documents 584 ff. The China Committee held its first meeting on Nov. 29.

[3] Topol 494 to Paris, Dec. 2, transmitted changes in a draft statement previously sent to Paris for use as the initial U.S. statement in the China Committee. (740.5/12-252)

[4] Raymond P. Ludden, Counselor of Embassy at Paris, was the Resident U.S. Delegate to the Consultative Group.

[5] Paragraph 2 of Topol 494 included several minor changes and the following sentence: "I should like to take this opportunity assure you we enter this endeavor prepared to state our views from facts as we jointly ascertain and analyze them, realizing, of course, that we are here to consider those restrictive measures which will best serve our common security objectives."

Korean armistice wld not end CHINCOM problems, and free world countries wld need continue avoid contributing development China strength until fundamental change aggressive, expansionist designs correctly indicated.

Special practical conditions of China control problem are smuggling, export control evasion techniques of Chinese procurement complex, Hong Kong and Macao transshipment situation, control situation in other FE areas, maritime shipping problem.

Second statement by Berger [6] referred to past coverage by COCOM indicating special China factors require evaluation suitability existing controls, data. Suggested development pool info special aspects China situation in terms general background, commodity usages, appliability of specific measures.

Suggested parallel lines of action, one to collect analyze info as guide for operation comite, other to consider specific measures at once. Following steps suggested:

(1) Receive, consider early views other PC's re US statement;
(2) Schedule early consideration of pooling analyzing basic info;
(3) Invite PC's advise of specific interest Chinese traders in specific commodities;
(4) Examine pending COCOM matters of China interest for scheduling early CHINCOM consideration;
(5) Consider statistical reporting review;
(6) Review applicability current anti-diversion measures to China trade.

Statements sent Dept under translip C-1 December 5.

DRAPER

[6] Milton Berger of the Office of International Trade, Commerce Department, was the U.S. Delegate to the China Committee.

No. 62

795.00/12-852:Telegram

The Chargé in the Republic of China (Rankin) to the Department of State [1]

SECRET TAIPEI, December 8, 1952—2 p.m.

596. Dept pass Defense. Gen Chase returned yesterday from meeting Eisenhower [2] in Korea and Gimo immed sent for him and for me to call at Shihlin residence where he was undergoing exam

[1] Repeated for information to Tokyo and Pusan.
[2] President-elect Dwight D. Eisenhower visited Korea, Dec. 2-5.

by US Army eye specialist sent here from Tokyo by Gen Clark at our rqst.

Discussion general in character re Chase's trip and persons he met until possible use Chi Nat troops in Korea was mentioned. Gimo observed that question whether troops shld be sent or not was matter for consideration but added with emphasis his first concern must be security of Formosa. On huge Chi mainland there was always some place to retreat before advancing Japs but this comparatively small island is last stand.

Gimo then stressed vulnerability of Formosa to ChiComs air bombardment and expressed belief such attacks shld be expected if Chi Nat forces sent to Korea. He went on to say first heavy raid cld knock out island's industry etc., and would have most serious effect on milit and civil morale in absence any evidence of effective def. Gimo did not believe Seventh Fleet in position provide air def for island which he considers can be mounted only by substantial force jet fighters based on Formosa. He hoped such force wld actually be based here before any invitation recd to contribute Chi Nat forces for Korea.

Comment: Gimo's failure mention any other "condition" or furnishing troops for Korea does not exclude possibility addit demands. However it points Formosa's greatest milit weakness. Fighter aircraft have been at top of Chi Nat rqsts for milit aid during past two years. Gimo feels keenly fact that while Soviets have sent many hundred modern planes to ChiComs only 20 odd obsolete aircraft so far delivered by US to Chi Nat air force. Latter was stronger than ChiCom air force in 50 when offer of Chi Nat troops for Korea first made.

RANKIN

No. 63

FE files, lot 55 D 128

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Allison) to John Foster Dulles [1]

SECRET [WASHINGTON,] December 24, 1952.

Korea

I have read with considerable interest Tom Hamilton's story in this morning's *New York Times* concerning the planning by the

[1] Allison sent the memorandum to Secretary-designate Dulles with a brief covering note of the same date.

new Administration leaders for Korea. I do not wish to try to get into this act prematurely but I suggest that it would be helpful to us to know as soon as possible as much as you feel you can tell us about the general thinking of the new Administration on this problem. This is not mere idle curiosity but is based upon the belief that if those of us who are now working on Korean problems have some intimation of the general direction of your thinking and that of General Eisenhower it will help prevent us from doing anything that might prejudice the future. In this connection I note in Marquis Childs' column [2] this morning that the question of two Chinese Nationalist divisions for Korea is still alive. I know that this is one of the pet ideas of Bill Foster and has been for some time, but I must say I am still against it. My opposition is based on the following factors:

1. It will cost the United States considerable to equip and transport these forces to Korea as well as maintain them after their arrival.
2. The same amount of money spent on developing two divisions of South Koreans would probably pay more dividends.
3. We don't know for sure they can fight and we do know the South Koreans can.
4. As indicated in the message from Taipei [3] giving an account of Rankin's and General Chase's talk with the Generalissimo after Chase's return from Korea (which I suggested be sent to you on the *Helena* [4]), it is obvious that Chiang Kai-shek is reluctant to have two divisions go to Korea and would probably only consent on the basis of a *quid pro quo* which would entail building up the air strength on Formosa far beyond anything our Air Force has been able to do in the past and probably beyond what it can do in the near future.
5. The introduction of Chinese Nationalist troops into Korea would immediately throw Korea into the Chinese civil war and would make it much more difficult, if not impossible, for us to maintain the position that we have so far maintained that in any political talks on Korea after an armistice there would be no discussion of any matters outside of Korea.
6. The political difficulties we would have with our allies as a result of bringing Chinese Nationalists to Korea and the strong possibility that certain of them would attempt to withdraw their own troops already there as a result of the introduction of the Chinese. At the very least there should be considerable diplomatic spadework done before any abrupt announcement of such a decision.

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[2] In the *Washington Post*.

[3] Telegram 596, *supra*.

[4] Dulles and other future Cabinet members had joined Eisenhower on the cruiser *Helena* for several days of discussion during Eisenhower's return from Korea.

7. The reluctance, according to reports reaching the Department from Korea, of President Rhee to see Chinese Nationalist troops introduced into Korea.

When we consider that two Chinese Nationalist divisions are, according to our own JCS, the equivalent of only one U.S. division, I am strongly of the opinion that the possible advantages to be gained by the introduction of Chinese Nationalist divisions to Korea is far outweighed by the adverse factors listed above.

Other possible use of Chinese forces

In connection with any consideration of possible greater use of Chinese Nationalist forces, I am attaching a telegram which came in from London [5] giving the text of a *London Times* story which was headed "General Eisenhower's Policy for Far East; Forcing Chinese to Negotiate". The first part of the story is obviously based on the column published by Stewart Alsop last week [6] on a new plan for Indo-China. However I particularly call your attention to the two paragraphs on page 4 which I have marked. While I have doubts that the policy as outlined there is a completely accurate reflection of Republican Administration policy, nevertheless it is interesting to note that the *London Times* does envision the possible use of Nationalist troops in a series of raids on the China coast. The reasons they give for approving such use may be wrong, but the mere fact that a paper such as the *Times* will publish such a story is, I believe, interesting. As you know, there is a considerable program already being carried on with American help which does use Nationalist forces in a manner which keeps the Communists on the mainland guessing and according to some estimates immobilizes perhaps as many as 200,000 Chinese Communist forces. Details of this operation were recently given us and when you desire will be passed on to you.

[Here follows discussion of Indochina and other matters.]

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[5] Not attached to the source text.

[6] The column, by Joseph and Stewart Alsop, appeared in the *Washington Post* on Dec. 19.

No. 64

746G.00/12-3052: Telegram

The Consul General at Hong Kong (Harrington) to the Department of State

CONFIDENTIAL HONG KONG, December 30, 1952—1 p.m.

1649. Pouched to all China periphery and Weeka posts. [1] View fact that official ChiCom line now indicates that 1953 will usher in new "period of large-scale planned construction", ConGen submits following comments on domestic political situation as of end 1952 after 3 years Commie domination of mainland. Observations on international aspects ChiCom power situation, including military-strategic implications, will be forwarded later.

Developments during period 1949–1952 might be characterized as "cheap" period of ChiCom revolution, that is, period in which regime has concentrated on implementation of policies not requiring large amounts of money. These programs include such things as:

(1) Agrarian reform and organization of peasantry (aimed at demolition traditional social-economic structure in rural China with political aim of preparing way for gradually increasing collectivization).

(2) Physical liquidation of "counter-revolutionaries" in 1951 with accompanying terrorization.

(3) Intensive organization and indoctrination of significant groups of population, especially youth.

(4) Fund-raising campaigns to squeeze money from all segments population for state purposes.

(5) Expropriation western interests and institutions, accompanied by pressure to force remaining non-Soviet foreign residents to leave mainland.

(6) Large-scale flood control and irrigation projects, road construction, physical clean-up in cities.

(7) Five-anti campaign timed at economic milking of bourgeois.

(8) Three-anti campaign aimed at cleaning up ChiCom party and govt.

(9) Revamping of educational facilities aimed at extension of "peoples universities" and technical training schools and accompanied by intensive "ideological remoulding" of intellectuals, especially those with "bourgeois" western connections, to Marxist-Leninist viewpoint.

(10) Establishment of extensive fabric of "Massorst" ["*Massorgs*"?] to control and mobilize various segments of population.

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[1] Weeka posts were presumably those which regularly received the Weeka telegrams (weekly, interagency, summary analyses) on the People's Republic of China. These telegrams, prepared in Hong Kong, are in file 793.00(W).

(11) Widespread and reasonably effective (at least with certain significant groups) anti-US and pro-USSR propaganda campaign.

(12) Projection of state into dominant role in all sectors of economy, accompanied by organization of efficient tax collection machinery and currency stabilization.

(13) "Emancipation" of women, often to dismay of their unsuspecting spouses, which has resulted in considerable feminine energy accruing to regime.

(14) Regimentation of industrial labor and improvement of centralized control over urban labor market.

(15) Direct attempts to organize, control, and indoctrinate minority ethnic and religious groups such as Mongols, Tibetans, Moslems, and others with view using them for Commie ends rather than merely ignoring or flatly suppressing them as previous Han Chinese-dominated political regimes in modern periods are [*have*] usually done. Foregoing list, while incomplete and not intended be analytical, suggests nature of domestic tasks which ChiComs have, generally speaking, been able to carry out during 1949–1952 period.

Given reasonably effective military and political control, above project, without exception, requires primarily determination, indoctrinated and energetic cadres, organizational ability, and mobilized manpower, all of which ChiComs have in fact had in some abundance during this period. Fact that ChiComs, led by working, driving elite formed through years training and indoctrination, have been able to accomplish so much in attaining initial targets is unquestionably sobering political fact. Further, tempo of implementation of full-scale Commie revolution turning sprawling agrarian country like China into increasingly centralized, tightly controlled, and militarized police state in image of Soviet Union has surprised many observers of chinese political scene.

This extremely rapid domestic consolidation, which has involved direct extension of Chinese military and political power to farthest reaches of country including Sinkiang and Tibet [and has] brought entire mainland of China under complete domination of single unified regime for first time since 1911, has been aided by several factors.

(1) Of major importance is tough, indoctrinated and indigenous ChiCom leadership mentioned above which has survived to end 1952 with no notable purges and with no firm evidence of significant divisive splits which Mao Tse-tung unable control. Other important factors in domestic consolidation have been:

(2) Maintenance of disciplined and reliable army.

(3) Great attention to and ability in organization and planning.

(4) Effective propaganda which is product of well organized propaganda machine operating on scale unequalled in Asia since defeat of Japan. Degree importance ChiComs attach to matters organization and propaganda is indicated by fact that most important organs at all levels ChiCom party apparatus, from central comite

at top to lowest comites and party branches, are those devoted to organization and propaganda.

(5) Outbreak Korean war in 1950 and subsequent ChiCom intervention permitted Commies to weld their nationwide controls on country much faster than might have been anticipated. It may also be suggested that domestic consolidation 1949–1952 has been aided by:

(6) Normal poverty of large elements Chinese population (which poverty tended make them less resistant to Commies since they cld assume that things cld not be much worse in any case); and

(7) Opportunism of certain wavering or disinterested groups (which, seeing ChiComs on winning side, rapidly climbed on bandwagon, both before and immediately after Commie takeover). Very factors listed above, however, have possibly tended to make some observers over-rate strength and potentialities of Commies. While changes have unquestionably taken place rapidly during past 3 years, Peiping regime has nevertheless inherited all the manifold problems involved in political unification and economic modernization and development of China and is still very long way from solving many of these basic problems.

It is apparent, moreover, that Peiping regime is now contemplating move into new period which must be defined as "expensive" phase of revolution in China, with stated aims of industrialization and ultimate socialism. Decisions on government organization taken by top-level Central Peoples Government Council in Aug and Nov 1952 indicated that regime feels that period economic rehabilitation and political consolidation virtually completed and that it is now looking forward to concentration on "planned economic construction" on nationwide scale and gradual expansion of existing industrial plant. Effective action during this new phase, in contrast to past "cheap" phase, will require substantial amounts of capital goods especially machinery, trained technical personnel, and foreign exchange. Given basic natural resources of China and limited possibility international capital accumulation, it is dubious how far country like China can pull itself up by its own boot straps in near future. Re politics of industrialization in Commie China, ConGen would suggest that, in terms of population in relation to basic resources, Peiping regime is operating on much slimmer base than Soviet Union was during period when Russians were expanding industrial plant and does not have amounts of capital and trained manpower which Japs employed in industrialization Manchuria after 1931.

Further, ChiComs are forced to attempt project with Korean war unsettled and with general international climate, both in west and in east of Asia, uneasy and increasingly hostile to them. Interest of Soviet Union in any such industrialization would appear to be limited by Soviet desire to keep ChiComs politically dependent as long

as possible. Truly independent ChiCom industrialization, should this in fact ever be possible, would tend to limit Peiping's dependence on Moscow and might ultimately exacerbate Sino-Sov relations. On other hand, failure of ChiComs during coming period to produce results which are clearly significant to ChiCom party itself might result in dissatisfaction and disillusion later.

Since early 1949, and especially during past year, ChiCom leadership has talked steadily about shifting center of focus of revolution in China from countryside to city and to industrial proletariat. This verbal preoccupation with proletariat, which is at present in China somewhat dubious basis for viable political system, is possibly prompted by ChiCom impatience with "old China", backward and agrarian, and search for "new China" with real industrial and military power on modern basis. While this ultimate vision of industrialized proletarianized modern China is relevant, ConGen wld nevertheless suggest that peasant component in ChiCom power situation is still predominant as of end 1952. Despite certain amount recruitment elements of working class background, ChiCom party and army are both still dominantly peasant, and grain tax is still major factor is [*in*] national economy. It must be noted that intricate and often specious ChiCom jargon and theory may have little connection with political realities in China. Recent frenetic argumentation of ChiCom theories is to *Pao Pravda* [apparent omission?] proletariat [which] has historically been basic force in development Communism in China is clearly irrelevant and has little connection with serious analysis Chinese political behavior. There are considerable grounds for believing that Mao Tse-tung himself is essentially a political realist much less concerned with theory of evolution than with practical results. What has emerged on mainland is a political and military clique with firm underlying Commie motivation intent on forging a totalitarian power mechanism and manipulating individuals, groups, and circumstances to that end. Unfortunately, attempt to make general estimate of attitudes mainland Chinese toward Peiping regime this time is both presumptuous and often misleading. Continuing humorless Marxist-Leninist indoctrination, long hours work, increasing police interference with personal life, and knowledge that regime is quite prepared to use violence and fear as political weapons would not be expected to lead to excessive general enthusiasm. Yet present mainland situation must be studied against historical background and with full comprehension of manner which ChiCom leadership has made full use of reemergence vigorous Chinese power in Asia in its propaganda. Realistic estimate of domestic political situation Commie China at end 1952 thus must take account fact that certain segments of the population (and this group may be counted in

millions) may still be finding energetic and purposive devotion to Commie revolution cause therapeutic after years of disruption and confusion in China.

HARRINGTON

II. JANUARY–NOVEMBER 1953: CHANGE OF DIRECTIVE TO THE SEVENTH FLEET; COMMITMENT BY THE REPUBLIC OF CHINA TO CONSULT THE UNITED STATES PRIOR TO ANY MAJOR OFFENSIVE OPERATIONS AGAINST THE CHINESE MAINLAND; U.S. CONCERN WITH THE DEFENSE OF THE CHINESE OFFSHORE ISLANDS; U.S. EFFORTS TO MAINTAIN MULTILATERAL RESTRICTIONS ON TRADE WITH THE PEOPLE'S REPUBLIC OF CHINA; REVIEW OF U.S. POLICY WITH REGARD TO THE PEOPLE'S REPUBLIC OF CHINA AND THE REPUBLIC OF CHINA

No. 65

Eisenhower Library, Dulles papers, Classified material file

Memorandum by John Foster Dulles to General Dwight D. Eisenhower [1]

SECRET [NEW YORK,] January 2, 1953.

Following your talk with Chinese Foreign Minister Yeh, [2] he talked with me at some length. He primarily indicated the hope that your administration, in dealing with the Chinese Nationalist Government, would, in form at least, treat it as one to be consulted with rather than as one to be merely told.

I told him that it was possible that the present instructions to the Seventh Fleet to defend the Chinese Communist mainland might be altered without altering their instructions to aid in the defense of Formosa. I said I assumed that, since these instructions related only to our own military establishment and were originally purely unilateral, their modification in the sense I indicated would not require any further consultation. He indicated his concurrence in this view.

He said that his government did not take a favorable view of sending its forces to Korea. He deplored the rather exaggerated statements about this being made by Senator Knowland [3] and Congressman Judd [4] but said he had not himself tried to stop them be-

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[1] An attached note, dated Jan. 5, reads: "This memorandum shown to General Eisenhower. Points 1 and 2 noted. Point 3 concurred in. JFD" The numbered points refer to the three paragraphs of the memorandum, which are numbered in the margin of the source text.

[2] No record of this conversation has been found in Department of State files.

[3] Senator William F. Knowland (R–California).

[4] Representative Walter H. Judd (R–Minnesota).

cause of their known friendliness toward China. He believed that the sound strategy was first to be sure to hold Formosa; secondly, to make it an increasing source of potential pressure against the Communist center rather than to denude Formosa in order to gain increased strength at the flanks.

JFD

No. 66

Editorial Note

President-elect Eisenhower and Secretary of State-designate Dulles had a series of conferences with British Prime Minister Churchill January 3–8, while the latter was visiting in New York. Dulles gave an account of the conferences to several officers of the Department on January 8; his report is summarized in an undated memorandum by McWilliams. The portion of the memorandum headed "Formosa" reads:

"Mr. Dulles said there was not a great deal of discussion about Formosa but that he had informed Mr. Churchill that the new administration would want to change the mission of the Seventh Fleet so as to take away the prohibition against any attack on the mainland as an adjunct to the Chinese communists when they are attacking us.

"Mr. Churchill at first said this was a good way of putting it and he understood it but later he told Mr. Dulles that he hoped there would be an exchange of views between the governments on this subject. Mr. Dulles informed Mr. Churchill that he was informing him officially as of now and also warning him that there may be a statement of this in General Eisenhower's inauguration address." (Conference files, lot 59 D 95, CF 135)

The complete text of this memorandum is scheduled for publication in volume VI.

No. 67

794A.5 MSP/1-1053: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State

TOP SECRET TAIPEI, January 10, 1953—11 a.m.

701. Re Deptcirtel 722, January 7. [1] In my view principal goals of MSP in Formosa are: (1) creation military force capable of defending island and constituting significant factor in Pacific power balance, (2) stabilization of economy as necessary condition to maintenance of internal security and fullest use of island's productive resources, and (3) development of economy to point where purely economic aid no longer required.

Progress toward military goal accelerated during fourth quarter by increased deliveries matériel. 30 percent of FY 1951 and 1952 programs now delivered and additional 45 percent FY 1951 and 1952 programs allocated and delivery expected by May 1953. These receipts materially increase combat effectiveness army and navy: Air Force potential high but aircraft deliveries far behind schedule. Reorganization Chinese army according TO and E recommended by MAAG from 10 armies and 31 badly under strength divisions to 10 armies and 21 divisions completed. All units undergoing battalion combat team phase of training will be ready for divisional manoeuvers by February 1. No adverse political developments are anticipated to hinder achievement strength goals set by JCS since Chinese Government publicly committed give priority to military with return mainland ultimate objective.

However, financial limitations urged by US missions to achieve balanced budget will prevent Ministry National Defense from increasing size US-supported divisions which now 10–15 percent under strength. Chinese armed forces fully able utilize military aid programmed. Arsenals producing less than half capacity because of budget limitations but should be brought close full capacity by US $6,000,000 OSP program now under negotiation for purchase 30 calibre 81 mm. mortar ammunition and 75 mm. recoilless rifles.

Substantial economic programs achieved during fourth quarter. As in preceding two quarters internal price level remained stable. Chinese Government satisfactorily adhered to commitment adopt sound budget policy and grant broad major powers to Economic Stability [*Stabilization*] Board, in which US observers play impor-

[1] Circular telegram 722, sent to 55 missions, requested a summary report concerning the goals and operations of the Mutual Security Program in each host country, for use in a report to be submitted to the President. (700.5 MSP/1-753)

tant role (see Embtel 230 September 5, 1952). Central and Provincial Governments both have prepared sound 1953 budgets with which counterpart fund aid provided for approximate balancing expenditures and receipts and should avoid necessity resorting previous practice of calling on Bank of Taiwan to finance government with consequent inflationary effects. This accomplished with 14 percent less counterpart budget assistance than provided in 1952. Final legislative action on budgets not yet completed but President and Premier have agreed the ESB recommendations will be followed in requesting further needed budget legislation. 1953 budgets include for first time adequate payments to government enterprises for services rendered government. Revision and simplification of complicated system of foreign exchange settlements, planned by government in December and partially placed in effect January 5, constitutes further step toward sounder fiscal management.

Chinese Government submitted to MSA Mission in December, summary development plan contemplating utilization US aid to increase substantially output of power, fertilizers, food and other products. Attainment of planned goals would make Formosa independent of US economic aid (but not military aid) 1957.

Other significant economic developments included completion Exec Yuan plans for returning six to eight government enterprises to private hands as part of land reform program, Chinese Government measures to encourage import investment capital, and increased commercial procurement MSA supplies. While these developments encouraging, support of private enterprise and mobilization private domestic and foreign capital require much further study and emphasis.

Material and psychological effects of economic and military programs important factors in creating conditions of internal security and political stability which compare favorably with other areas of Far East. Chinese Government cooperation with US agencies fully satisfactory.

RANKIN

No. 68

793.00/1-2853

Memorandum of Conversation, by the Assistant Secretary of State for Far Eastern Affairs (Allison)

SECRET [WASHINGTON,] January 28, 1953.

Subject: United Kingdom Views on Possible Abandonment of Formosa Neutralization Policy

Participants: F.S. Tomlinson—Counselor, British Embassy
John M. Allison—Assistant Secretary of State

Mr. Tomlinson of the British Embassy has just been in to see me under instructions from his Government to discuss the possible abandonment of the neutralization policy with respect to Formosa. The question was raised as a result of a report on January 1 in a paper on Formosa that a commando raid had been made on the island at the mouth of the Yangtze and that some 400 Chinese Communist prisoners had been taken.

The United Kingdom Government makes three points: First, they feel that the neutralization policy announced on June 27, 1950 cannot be stretched to mean approval of such guerrilla raids on islands just off the mainland of China; secondly, they express the view that it would be regrettable if the neutralization policy were to be nibbled away by a series of incidents such as this raid and it were thereby to become a dead letter. The clear implication was that if the policy is to be changed it should be a complete change in policy rather than a seeming inadvertent ignoring of the policy. In the third place, Mr. Tomlinson was instructed to state that if the United States is considering abandoning or modifying the Formosa neutralization policy, the UK Government is of the view that this would have great international political repercussions and that prior to making any such decision there should be consultation among the interested powers.

I told Mr. Tomlinson that I was not in a position to say at this time what action the United States Government was going to take but that I did believe it safe to say that if the policy were modified or changed it would be done as a direct conscious act and not by the nibbling away process. I referred to what Mr. Tomlinson had told me previously about Mr. Selwyn Lloyd's conversation with Mr. Dulles on this subject [1] and said that while I was not in a position

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[1] A memorandum by Dulles of a conversation with British Minister of State John Selwyn Lloyd, held in Washington on Dec. 26, 1952, reads in part:

"Mr. Dulles said he agreed [with Lloyd's expression of concern with the situation in Indochina] and felt that the Asian situation might have to be considered as a whole with some deterrent power created at the center to avoid increasing pressure on the two flanks of Korea and Indochina. He said in this connection that President Eisenhower might modify the present instructions to the 7th Fleet so that our Fleet would not, in effect, serve as an adjunct to Chinese Communist forces protecting their center. This situation was anomalous in view of the Chinese Communist attacks in Korea and the rejection by the Chinese Communists of the Indian Armistice proposal in the U.N. Mr. Lloyd made no comment and Mr. Dulles did not ask for U.N. [*U.K.*] concurrence."

The memorandum is filed with a brief memorandum of Dec. 27 from Eisenhower to Dulles. (Eisenhower Library, Eisenhower papers, Whitman file, Dulles-Herter Series)

to give any answer about consultation, I did express the personal opinion that at least insofar as the UK was concerned Mr. Dulles might consider that his talk with Mr. Selwyn Lloyd and his subsequent discussion with Mr. Churchill on general matters would constitute "consultation". However, I told Mr. Tomlinson that I would report the matter at once to the Secretary and be in touch with him later.

Note: The Secretary was informed of this talk orally immediately after the conversation.

No. 69

460.509/1-2953: Telegram

The Secretary of State to the Office of the Special Representative in Europe

SECRET
PRIORITY

WASHINGTON, January 29, 1953—7:52 p.m.

Topol 793. Excon.

1. We are still of view embargo to China [1] most appropriate arrangement in interest free world security but prepared authorize USDel participation in consideration and development quantitative control of antibiotics and sulfonamides to Communist China provided USDel believes no possibility achieve embargo.

2. In such participation, you may point out that we still think embargo most appropriate but, in view reaction some PC's, we are willing consider establishment system effective multilateral restrictions over exports such drugs to China as promptly as possible. We believe that any control, to be effective, must result in substantial reduction shipments to China. In this connection, selection of base period, recognition to be accorded national production in setting up quotas, and nontransferability of unused national quotas, would be important elements.

3. Fact that US may be compelled to apply PD 810 [2] procedures to these drugs should be introduced by USDel in manner and at

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[1] Reference is to a U.S. proposal, made in the China Committee on Dec. 16, 1952, to add sulfonamides and antibiotics to the COCOM China embargo list. (Polto 1024 from Paris, Dec. 18, 1952; 460.509/12-1852)

[2] Reference is to Program Determination No. 810 by the Advisory Committee on Economic Policy, which stated that export licenses for the shipment of items on specified U.S. security lists to friendly foreign countries should be granted only if there was adequate assurance that the country of destination would not knowingly permit the export of identical items to the Soviet Bloc, directly or indirectly. (ACEP Program Determination No. 810 (Revision 1), Aug. 3, 1953; Department of Commerce files)

time best calculated to speed agreement by CHINCOM on effective control system. In presenting this fact, you may wish point out that large exports by US to Western Europe coupled with exports by latter to China raise question whether US export controls being nullified. You may say that US has been reluctant take any action regarding special problem such exports because it is US concern not to take action which might be construed as intent bring coercive pressure on voluntary multilateral negotiations. However, we cannot long delay facing up to this issue from view point effectiveness US control system. We have decided put issue off for period of one month to six weeks, but cannot do so for longer.

4. Re COCOM:

(a) Strategic uses antibiotics and sulfonamides in European Soviet Bloc indicate necessity controls over export levels by COCOM countries.

(b) Moreover, agreement on effective quantitative controls for China requires a consistent quantitative controls program covering exports to the European Soviet Bloc in order prevent nullification former.

(c) Timing of introduction this subject to COCOM is at your discretion but should be done with aim quickest possible disposition of entire subject within time limit indicated para 3 above.

5. In discussing quantitative control proposals, you should aim for arrangement which comes close as possible to representing embargo. Any control developed should provide basis for substantial recognition for countries not likely use their quotas, such as Canada and US, since nonfulfillment these quotas very significant element in restrictive effect of controls. [3]

DULLES

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[3] On May 30, after several months of discussion and negotiations, the China Committee agreed on a system of quantitative controls on antibiotics and sulfonamides, with quotas totaling $7 million; the agreement became effective July 12. On Nov. 19, the Committee agreed to discontinue the controls as of Jan. 1, 1954. (Polto 2318 of May 30, 1953; Polto 81 of July 15, 1953; and Polto 865 of Nov. 20, 1953, all from Paris; 490.009/5-3053, 493.009/7-1553, and 460.509/11-2053, respectively) Further documentation on the work of the China Committee is in files 460.509 and 493.009 and in CA files, lot 58 D 401.

No. 70

711.5890/1-3053: Telegram

The Acting Secretary of State to the Embassy in the Republic of China [1]

SECRET
PRIORITY

WASHINGTON, January 30, 1953—3:39 p.m.

522. Eyes only—Principal Officer. You are requested to seek an appointment with President Chiang Kai-shek at his earliest convenience and make the following oral statement to him:

"President Eisenhower presently plans to announce in his State of Union message Feb 2 that he is issuing instructions that the Seventh Fleet no longer is to be charged with shielding the mainland of China. The Seventh Fleet, however, will continue under present orders to prevent attack from the Mainland on Formosa and the Pescadores. The President will also say that this order implies no aggressive intent on part of US. This action does not of itself represent any change in the policies of the U.S. Government concerning the extension of military and economic assistance to the Government of the Republic of China."

Please confirm immediately by priority telegram the delivery of this statement.

In making the foregoing statement to President Chiang you should impress upon him the necessity of preventing any disclosure of the decision to revise the mission of the Seventh Fleet until after it has been publicly announced by President Eisenhower in the United States, as there could always until the last moment be a change of intention. In any conversation with President Chiang in connection with this matter you should carefully avoid any implication that the United States Government is inviting Chinese requests for increased military or economic assistance, or that this action represents any change in the mission of the MAAG and MSA.

MATTHEWS

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[1] This telegram was apparently revised by Secretary Dulles; his name appears last in a series of drafters' names listed on the telegram, but the source text does not indicate the nature of his revisions. (Dulles frequently made minor changes in telegrams during his first days as Secretary; usually they were merely to cut out excess verbiage.) By the time the telegram was sent, Dulles had departed for a visit to several European capitals; Deputy Under Secretary Matthews was Acting Secretary in his absence.

No. 71

711.5890/1-3053

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy) [1]

SECRET [WASHINGTON,] January 30, 1953—4 p.m.

Subject: Change in 7th Fleet Directive

Participants: John M. Allison—Assistant Secretary of State
F.S. Tomlinson, Counselor, British Embassy
Walter P. McConaughy, Director, Chinese Affairs

Mr. Tomlinson called at Mr. Allison's request. Mr. Allison said that he wished to inform the British Embassy in advance of the content of a part of the speech of the President on the State of the Union which the President intended to deliver to Congress at noon on February 2. The excerpt related to a change in the Directive to the 7th Fleet. Mr. Allison then said that the President proposed to state that he is issuing instructions that the 7th Fleet no longer is to be employed as a shield for the Mainland of China. The President would affirm that this implies no aggressive intent on the part of the United States, and would point out that since the 7th Fleet was given the task in June 1950, after the outbreak of aggression in Korea, of defending Formosa as well as insuring that it not be used as a base of operations against the Mainland, the Chinese Communists have invaded Korea and attacked United Nations Forces. They have, in accord with the Soviet Union, rejected a UN resolution proposing a Korean armistice, sponsored by the Government of India and accepted by the United States and 53 other nations. [2] In the circumstances the U.S. Government cannot continue a situation which in effect has meant that the U.S. Navy has served as a defensive arm of the Chinese Communist aggressors, so that they can with greater impunity kill United States and U.N. troops in Korea. In no part of the world does the United States or any other of the free nations take action which in effect uses its armed forces to protect Communist territory. There are no similar formal or official inhibitions placed upon, for example, Yugoslavia or Western Germany. Public opinion in the United States will not countenance continued use of American armed forces for official protection of the Chinese Communists in view of their present complete intransigence.

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[1] The source text bears Allison's signature, indicating his approval.

[2] For the text of UN Resolution 610 (VII), adopted by the General Assembly on Dec. 3, 1952, see vol. xv, Part 1, p. 702.

Mr. Tomlinson took notes as Mr. Allison spoke. Mr. Tomlinson said that he would want to dispatch a report of the conversation immediately since the matter might require Cabinet consideration in London. Mr. Tomlinson referred to that part of the statement to the effect that the order implied no aggressive intent on the part of the United States. Mr. Tomlinson said that he assumed that the change in the order probably would not result in any immediate major change in the military situation. Mr. Allison said that the reference in the order to "no aggressive intent on the part of the United States" was explicit, and spoke for itself. The action did not change the present practical situation. It was an effort to make our position consistent and logical.

Mr. Allison stated that inasmuch as the original orders to the 7th Fleet were a United States rather than a UN action, taken as a result of a unilateral decision on the part of the United States, the President believed that in modifying the orders he should assume full responsibility and not endeavor to have this responsibility shared by the other nations concerned. Hence the associated nations were being informed rather than consulted.

Mr. Tomlinson inquired if the 7th Fleet would still be charged with the defense of Formosa. Mr. Allison said that no change in that part of the 7th Fleet Directive was contemplated.

Mr. Tomlinson inquired if the order implied any change in the status of the off-shore islands. Mr. Allison said that the 7th Fleet orders pertained only to Formosa and the Pescadores and the off-shore islands were not included either in the original order or in the contemplated amendment of the order.

Mr. Allison told Mr. Tomlinson that the same information would be conveyed by him to the diplomatic representatives of Canada, Australia, New Zealand and South Africa later in the afternoon; [3] that our Chargé in Taipei was informing the Chinese National Government; and that all UN countries which had troops in Korea, plus a few additional countries directly concerned with the Pacific, such as Japan and India, would be informed in confidence of the comtemplated action through our Missions in those countries very shortly before the public announcement. [4]

Mr. Allison requested that the decision not be disclosed until after it had been publicly announced by the President.

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[3] The conversation was recorded in a memorandum of conversation of the same date by McConaughy, as was a similar conversation with a representative of the French Embassy later that afternoon. (711.5890/1–3053)

[4] Instructions were sent to the appropriate missions in circular telegrams 817, Jan. 30, and 823, Feb. 1, 1953. (711.5890/1–3053 and 711.5890/2–153)

Mr. Tomlinson expressed his appreciation for being informed in advance of the proposed step and said that he would convey the information immediately to the Foreign Office.

No. 72

711.5890/2-153: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State [1]

SECRET PRIORITY TAIPEI, February 1, 1953—4 p.m.

784. At luncheon today President Chiang discussed statement transmitted to him last night re Seventh Fleet mission (Deptel 522, January 30 and mytel 783, Feb 1 [2]) with Prime Minister, Foreign Minister, Governor Wu, General Chou and Secretary General Wang. [3] He received me immediately afterward and made following principal points:

1. He is gratified by President Eisenhower's intent to take this "judicious" step of great "moral significance".
2. Generalissimo hopes it will be followed by closer "organization cooperation" with US.
3. He notes that protection of Seventh Fleet would continue to extend only to Formosa and Pescadores and that Chinese Communists might use occasion to attack Chinese Nationalist held off shore islands, notably Kinmen, for which adequate air defense not available.
4. However, he will not interpret President Eisenhower's proposed statement as inviting request for increased aid.
5. If and when statement is made, Chinese Government proposes issue comment expressing gratification and avoiding any reference to possible aggressive action against mainland.

I took occasion to express hope Chinese Government would undertake no significant attacks on Communist-held territory, especially if aircraft, tanks, et cetera involved, without first consulting General Chase. This has not been done to date, but President Chiang assured me would in future.

I repeated importance of continuing regard entire subject as confidential until President Eisenhower actually issued statement.

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[1] Repeated by the Department to Paris for Secretary Dulles as telegram 4169, Feb. 1. (711.5890/2-153)

[2] Telegram 783 reported that the statement in telegram 522 to Taipei (Document 70) had been conveyed to Chiang Kai-shek on the evening of Jan. 31. (711.5890/2-153)

[3] Wang Shih-chieh, Secretary General, Office of the President.

Comment: In subsequent conversation with Foreign Minister I learned President Chiang's reference to closer organizational cooperation (above) reflected hope combined military staff could be set up. His reference to "moral significance" meant mission of Seventh Fleet was now what it should have been since 1950, which would have had considerable influence on development of Korean War in Generalissimo's opinion.

RANKIN

No. 73

FE files, lot 55 D 388, "Formosa Book"

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Allison) to the President

SECRET WASHINGTON, February 2, 1953.

The following message from Mr. Eden, with respect to the decision to change the orders of the 7th Fleet, was delivered to me last night by an officer of the British Embassy. After informing Acting Secretary of State Matthews the text was cabled to Mr. Dulles in Paris. [1] The message follows:

"Her Majesty's Government regret this decision which they consider will have unfortunate political repercussions particularly in the United Nations. They do not think that it will carry with it compensating military advantages or will help in any way towards a solution of the Korean conflict.

"I expect to be questioned in the House of Commons on the attitude of Her Majesty's Government. I shall have to make it clear that we were informed in advance of the United States Government's decision and immediately took steps to make known to the United States Government our serious misgivings. We had indeed only a week or two before drawn their attention to apparent infringements of President Truman's 1952 [*1950*] declaration and had expressed the hope that the doctrine of neutralization of Formosa would be maintained without modification."

In forwarding the above message to Secretary Dulles I pointed out that the British Embassy officer who delivered it had expressed the personal view that the message was mainly "for the record." The officer also agreed that the last sentence in the message is misleading as the British have not in fact officially expressed to us the hope that the neutralization policy would be maintained. Mr. Dulles was told that the British Embassy was cabling this fact to London.

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[1] Telegram 4165 to Paris, Feb. 1, not printed. (711.5890/2–153)

In forwarding the above for your information, Mr. Matthews wishes to have it made clear that the Department of State is not in any manner suggesting there should be any change in the decision to modify the orders of the 7th Fleet.

JOHN M. ALLISON

No. 74

711.5890/2-253

Memorandum of Conversation, by the Assistant Secretary of State for Far Eastern Affairs (Allison)

SECRET [WASHINGTON,] February 2, 1953.

Subject: President's Intention to Change Mission of the 7th Fleet

Participants: Ambassador Koo—Chinese Embassy
Mr. J.M. Allison—FE
Mr. Edwin W. Martin—CA

Ambassador Koo called at 10:30 a.m. February 2 at my request. I explained to the Ambassador that I wished to discuss with him a statement which President Eisenhower would make in his message to Congress on the State of the Union at 12:30 p.m. that day announcing his decision to change the present mission of the 7th Fleet. I told Dr. Koo that Mr. Rankin had informed President Chiang of this decision on January 31, and that President Chiang had welcomed it. The following day Mr. Rankin had discussed the subject further with the Generalissimo and Foreign Minister Yeh at luncheon. I then handed Ambassador Koo a copy of the advance text of President Eisenhower's State of the Union message turned to the paragraphs relating to the Far East.

When Ambassador Koo had read these, I pointed out that the intended change in the mission of the 7th Fleet related only to that part of its mission concerned with prevention of attacks against the mainland from Formosa. The 7th Fleet would continue to be charged with preventing any attack against Formosa. When Ambassador Koo asked why this was not clearly stated in the President's message, I replied that the President's intention was quite apparent, since his speech first recalls the dual mission of the 7th Fleet and then specifies that only that part of the mission which resulted in shielding the Communist-held mainland would be revoked.

I pointed out to Dr. Koo that the President's message contained a statement that the 7th Fleet decision did not mean that the United States had any aggressive intent against the mainland. This state-

ment had been included in the speech in order to allay any fears that the United States and the Chinese Nationalists were preparing for an early invasion of the mainland. It was, of course, impossible to foresee what the future held in store in this respect, but for the present any indication that the United States is expecting to attack the mainland should be avoided.

I told Dr. Koo that the U.S. Government had not consulted other Governments before making the decision to revise the mission of the 7th Fleet since it was President Eisenhower's and Mr. Dulles' feeling that as the original decision was a unilateral one this Government should take full responsibility for any changes made in it. In addition to informing the Chinese Government in advance, the Governments of all nations having troops in Korea were also given advance notice as well as the Governments of India and Japan. In response to Ambassador Koo's query as to what the reactions of other Governments had been, I said that there had not been time to get official reactions from any Governments except the UK, which was unenthusiastic though it did not protest.

Ambassador Koo stated that as I had indicated President Chiang welcomed the decision of President Eisenhower to revise the mission of the 7th Fleet. He then mentioned three points which he said represented Foreign Minister Yeh's reaction to this move:

1. As this matter was, of course, one of vital concern to the Chinese Government, he had hoped that advance consultation could have taken place. However, he was glad that his Government had been notified in advance, even though a little late. I replied that President Chiang was informed on January 31 and that the instructions had gone to Mr. Rankin before the news had been published in the press, adding that, of course, it had not been our intention that any publicity be given to this matter before the President's speech.

2. The intended change in the mission of the 7th Fleet pointed up the weakness of the Chinese Navy and Air Force. It was hoped that the U.S. could take some action to strengthen these two branches of the Chinese armed forces.

3. While Ambassador Koo said that he did not know to what extent the change in the mission of the 7th Fleet was an indication of the adoption of a more "positive" policy in the Far East, he felt that eventually some sort of general review should take place of U.S. military assistance to China, both with respect to quantity and to category of arms aid. The Ambassador assumed that this kind of review would take place in any event. I assured him that the question of military assistance to the Chinese Nationalists was reviewed periodically.

Reverting to my remark that President Chiang had welcomed the change in the mission of the 7th Fleet, Ambassador Koo stated that the Chinese Government was planning to issue a brief state-

ment to this effect following the delivery of the President's message to Congress. I replied that Mr. Rankin, in his report of his luncheon meeting with President Chiang and Foreign Minister Yeh, had said that the Generalissimo wished to make an announcement expressing gratification and that he would avoid any reference to possible aggressive action against the mainland. I further said that Mr. Rankin had reported President Chiang's awareness that the decision to change the mission of the 7th Fleet did not represent an invitation to China to request increased military assistance. I also mentioned that President Chiang had raised a question as to whether the 7th Fleet would continue to be charged with the protection of Formosa only, or whether the protection would extend to the Chinese Nationalist-held islands adjacent to the mainland. I told the Ambassador that I was not clear on this question but would give it my attention.

Ambassador Koo stated that there was one more question which he had in mind to discuss in connection with the 7th Fleet. Pointing out that Chinese Nationalist forces could be expected to increase their raids against Communist-held islands and against the mainland, he stated that such raids would undoubtedly provoke Communist retaliation against Formosa. Would the 7th Fleet under its new directive take action against such Communist forces engaged in such retaliatory raids? I replied that my off-hand judgment was that the 7th Fleet would go into action against the Communists under such circumstances but that I would have to check the question further before I could give a positive assurance on this matter.

Inquiry as to U.S. Ambassador to China.

Stating that he did not wish to embarrass me with a question I was not in a position to answer, Ambassador Koo wondered whether there had been any decision as to the appointment of an Ambassador to China. [1] I replied that a definite decision had been made to appoint an Ambassador to China and that a tentative decision had been made as to who would get the post. I hoped within the next few days to be able to give him the name of this person and to ask his Government's agreement. [2]

JOHN M. ALLISON

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[1] Ambassador Stuart had resigned effective Dec. 31, 1952.

[2] A memorandum of a Feb. 3 conversation between Allison and Koo states that Allison gave Koo a note requesting his government's agreement to the appointment of Karl Rankin as Ambassador. (123 Rankin, Karl L.)

No. 75

Message From the President to the Congress [1]

[Extract]

WASHINGTON, February 2, 1953.

. . . . . .

In June 1950, following the aggressive attack on the Republic of Korea, the United States Seventh Fleet was instructed both to prevent attack upon Formosa and also to insure that Formosa should not be used as a base of operations against the Chinese Communist mainland.

This has meant, in effect, that the United States Navy was required to serve as a defensive arm of Communist China. Regardless of the situation in 1950, since the date of that order the Chinese Communists have invaded Korea to attack the United Nations forces there. They have consistently rejected the proposals of the United Nations Command for an armistice. They recently joined with Soviet Russia in rejecting the armistice proposal sponsored in the United Nations by the Government of India. This proposal had been accepted by the United States and 53 other nations.

Consequently there is no longer any logic or sense in a condition that required the United States Navy to assume defensive responsibilities on behalf of the Chinese Communists, thus permitting those Communists, with greater impunity, to kill our soldiers and those of our United Nations allies in Korea.

I am, therefore, issuing instructions that the Seventh Fleet no longer be employed to shield Communist China. [2] This order implies no aggressive intent on our part. But we certainly have no obligation to protect a nation fighting us in Korea.

. . . . . .

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[1] President Eisenhower's first annual message to Congress on the State of the Union was delivered in person before a joint session of Congress on Feb. 2; the complete text may be found in *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1953*, pp. 12–34.

[2] See telegram 546 to Taipei, Document 79.

No. 76

711.5890/2-453: Telegram

The Chargé in the United Kingdom (Holmes) to the Department of State

SECRET NIACT LONDON, February 4, 1953—5 p.m.

4296. For the President from the Secretary. [1] Info: Acting Secretary Matthews (no other distribution). Mr. Eden plans to make the following statement on his own responsibility in the Commons debate tomorrow (Thursday) afternoon.

Stassen and I see no objection but if you have any contrary views we should bring them urgently to Eden's attention. [2]

"It is important not to read into this statement anything more than it says. President Eisenhower has made it clear that the Seventh Fleet will no longer be employed to shelter Communist China. The President went on to say that 'this order implies no aggressive intent on our part.' Her Majesty's Government are convinced that this clearly states the American position. Indeed as a result of the close and cordial relations established by our first discussions Her Majesty's Government feel quite confident that we shall develop with the new US administration the type of collaboration which will have the result that no step which could have far-reaching international reactions will be taken without our having an opportunity of expressing our view beforehand. I say this on my own responsibility because as was made plain before Mr. Dulles and Mr. Stassen left no commitments would be made by them on their journey." [3]

HOLMES

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[1] Secretary Dulles and Director for Mutual Security Harold E. Stassen were in London Feb. 3-5; regarding their discussions with Eden and other British leaders, see telegram 3654 from Bonn and the letter from Dulles to Eisenhower, both Feb. 5, vol. v, Part 2, pp. 1564 and 1567, respectively. A copy of telegram 4296 was sent to the White House with a covering memorandum of Feb. 4 from Matthews to the President. (711.5890/2-453)

[2] A memorandum of Feb. 5 to Matthews from Ann Whitman, President Eisenhower's personal secretary, stated that the President agreed with Secretary Dulles' view in the matter. (711.5890/2-553)

[3] The substance of this statement was included in a speech given by Eden before the House of Commons on Feb. 5. (*Parliamentary Debates*, House of Commons, 5th series, vol. 210, cols. 2058-2059)

No. 77

PPS files, lot 64 D 563, "Asia, 1952-1953"

Memorandum of Conversation, by the Assistant Secretary of State for Far Eastern Affairs (Allison)

TOP SECRET [WASHINGTON,] February 4, 1953.

Subject: Discussion of Far Eastern Questions

Participants: Admiral Arthur W. Radford, USN
John M. Allison, Assistant Secretary of State

Admiral Radford called this morning and spent something over an hour in the general discussion of Far Eastern matters. The following is a brief summary by topics of the subjects upon which he expressed an opinion.

[Here follows discussion concerning Indochina and the question of British association with the ANZUS Council.]

Revision in Orders of the 7th Fleet. I inquired whether or not the revision in the orders of the 7th Fleet made it any more urgent in Admiral Radford's opinion for his authority to be enlarged so that he could discuss plans with the Chinese Nationalist authorities and coordinate action in case there should be any retaliatory action on the part of the Chinese Communists, either as a result of the revision of the orders of the 7th Fleet or as a result of action which the Chinese Nationalists might take against the mainland. The Admiral said that he did think there should be such a revision and that one of the reasons he was hurrying back this weekend to Pearl Harbor was so that he could with his staff make a more thorough study of what was necessary. He said that as the situation stands at present he has extremely limited authority for conducting discussions with the Chinese as to how any defense of the island of Formosa might be undertaken if necessary. He also pointed out, as he has previously, that his authority only extends to attempts to repel an attack on the island either by sea or air and that he has no authority to cooperate with the Chinese in case these attacks should be successful and any form of landing be effectuated either as a result of amphibious operation or by paratroops. In response to a question, he said he believed that the Joint Chiefs had sufficient authority to give him the necessary instructions without obtaining an over-all governmental decision, but that as yet he had not been able to get them to do so although for some time they had known his concern over the situation.

With respect to future additional measures, the Admiral referred to reports by columnists in the press and radio commentators to the effect that he was advocating the imposition of a naval block-

ade of China. As a matter of fact, Admiral Radford said he believed that a decision to establish a naval blockade should not be taken until a thorough study had been made of the consequences of such action and whether or not the benefits to be obtained from a blockade would outweigh the adverse repercussions which would certainly ensue. He mentioned specifically the problem of Hong Kong and expressed the opinion that the benefit to be derived from a blockade would not outweigh the danger to Hong Kong and the possible loss of that island to the Communists. He stated that he believed the United States Government should come to a firm decision that the retention of Hong Kong in friendly hands was important to our interests and that we should agree that we would support the British in maintaining it before we decided to go on into any sort of blockade. He said that he had discussed the question of Hong Kong with Chiang Kai-shek last autumn and that the Generalissimo had told him that he would be willing to furnish troops for the defense of Hong Kong and if necessary authorize the Admiral to inform the British that these Chinese troops would be withdrawn after the need for them had expired, and that Chiang would not use military force to secure the return to China of Hong Kong but that this would be a matter for political discussion at a later date. I referred to the impression I had received when in Hong Kong [1] that some of the British officials and business men there were beginning to think of the possibility that there might some time in the future be a split in South China away from the Peking regime. Admiral Radford said he had tried not to let himself think too much about this possibility, as he had felt until recently that there was insufficient information to justify the hope that this might be possible. However, he stated that more and more information was coming in which led him to think that this might in fact be a possibility, not in the immediate future but within a few years and that, if so, Hong Kong would of course be vital in helping to speed this process.

[Here follows discussion relating to Japan (see Document 630) and administrative matters.]

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[1] Allison had visited Hong Kong in late October 1952 in the course of his tour of U.S. Missions in the Far East; see footnote 1, Document 56.

No. 78

793.5/5–1056

The Chief of the Military Assistance Advisory Group, Formosa (Chase) to the Chief of General Staff, Republic of China (Chow) [1]

TOP SECRET TAIPEI, February 5, 1953.

DEAR GENERAL CHOW: In view of the deneutralization of Formosa and the Pescadores, as recently announced by President Eisenhower, I desire to bring the following points to your attention:

a. Confirming the conversation held at the President's house after lunch on February 1, I request that you make no significant attacks on Communist-held territory without first consulting me. This is in no way intended to limit your scheme of operations, but is merely to keep me informed, so that MAAG may be able to advise and assist in every possible way.

b. I suggest that immediate thought be given and plans be made to blockade the China mainland, with respect to Chinese Communists shipping only, from Swatow to Da-chen, both inclusive, and that I be informed of these plans in order that Navy Section, MAAG, and Air Section, MAAG, be enabled to assist in every possible way. Before any blockade is put in operation, however, I desire to be informed.

c. I recommend that plans be made at once to increase the frequency of raids, not only from the "off-shore" islands, but also from Formosa and the Pescadores, and that both little raids and big ones be planned and executed on a wide front in order to obtain prisoners and worry and confuse the Communist coastal defenses. Again I suggest that I be informed of these plans so that my General Staff and MAAG sections may assist to the maximum degree.

d. I further recommend that your naval surface reconnaissance and your CAF air reconnaissance measures be increased in order to secure more information about the enemy and about shipping in the Formosa Straits.

Please let me express my complete satisfaction and pleasure that Formosa and the Pescadores have been deneutralized. I have been working for over a year to accomplish this, and I am happy that President Eisenhower has actually done it.

Please rest assured that MAAG, Formosa, is at your service as ever to help in every possible way. Please accept my best wishes for continued success. [2]

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[1] The letter was sent to the Department, along with General Chow's reply, as an enclosure to despatch 646 from Taipei, May 10, 1956. No other copy of the letter has been found in Department of State files.

[2] In a letter of Feb. 13, to Chase, Gen. Chow Chih-jou replied as follows: (a) he agreed in principle that Chase should be informed before any "significant" raids were to be made on Communist-held territory but requested clarification of the

Continued

Very sincerely,

WILLIAM C. CHASE
Major General, USA

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meaning of the word "significant"; (b) in his opinion, only a blockade of the entire China coastline covering all vessels entering Communist ports, irrespective of nationality, would inflict serious damage on the Communist regime's economic structure, while a full blockade of the waters suggested by Chase could inflict limited damage but would require U.S. political support, and a blockade limited to the area suggested by Chase and applying only to vessels flying the flag of the Communist regime would not justify the effort; (c) he agreed that plans should be made to increase the frequency of raids on the mainland but stated that this would necessitate increased U.S. military aid; and (d) he assured Chase that steps to implement his last recommendation would be taken in the very near future. General Chow continued by expressing concern about the lack of close coordination between Chinese and U.S. military authorities and raised the following points for Chase's consideration: (1) the establishment of a Sino-American Combined Staff Organization; (2) planning for the joint defense of Taiwan and the dispatch of a USAF Jet Fighter Wing to Taiwan until jet aircraft had been made available to the Chinese Air Force in sufficient numbers for effective defense; (3) speedy delivery of military aid items which had already been allocated, increased military aid, and extension of the scope of military aid to include aid for Chinese troops and guerrilla units stationed in the offshore islands; and (4) making available transport and landing craft, which would be required for increased raids, as well as PT boats, which were not included in the current program. The letter was sent to the Department with Chase's letter as an enclosure to despatch 646 from Taipei, May 10, 1956. (793.5/5–1056)

No. 79

711.5890/2–453: Telegram

The Acting Secretary of State to the Embassy in the Republic of China

TOP SECRET WASHINGTON, February 6, 1953—7:34 p.m.

546. Urtel 800. [1] While President's speech did not explicitly say Seventh Fleet would continue defend Formosa, such statement unnecessary in view fact that after recalling dual mission of Fleet (1) to prevent attack on Formosa and (2) to insure that Formosa not be used as base of operation against Communist-held mainland, President clearly stated latter part mission only no longer justified and therefore would be terminated.

This intention clearly reflected in following directive dated Feb 2 from Defense to CINCPAC:

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[1] Telegram 800 from Taipei, Feb. 4, reported that Foreign Minister Yeh had asked why the President's message had made no reference to the Seventh Fleet's continuing mission of defending Formosa. Rankin had suggested to Yeh that the omission might help meet the point President Chiang had raised about the offshore islands, since the Chinese Communists could only guess at the U.S. attitude toward an attack on them. (711.5890/2–453)

"a. In addn to missions outlined in Unified Cmd Plan amended as necessary reflect transfer United States mil responsibility concerning Formosa and Philippines from CINCFE to CINCPAC, CINCPAC will by air and naval action defend Formosa and Pescadores against invasion or attack by Chi Commie forces.

By foregoing change that portion ur current directive [2] which requires you insure that Formosa and Pescadores will not be used as bases opns against Chi Mainland by Chi Nats is rescinded." [3]

Note that foregoing directive does not change policy with respect to off-shore islands which remains same as outlined Deptel 813 May 9, 1952. Dept agrees policy on off-shore islands should by no means be made public but rather should be made known only to limited number Chi officials at highest level. Defense concurs. Inform Chase.

MATTHEWS

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[2] Reference is to JCS telegram 92666 to CINCPAC, Jan. 23, 1952, which informed CINCPAC of the pending transfer to him from CINCFE of responsibility for the defense of Formosa, the Pescadores, and the Philippines (see footnote 4, Document 8) and set forth his responsibilities in this regard. (793.00/1–2352)

[3] JCS telegram 930324 to CINCPAC, Feb. 2. (611.93/2–253) The substantive portion is quoted here.

No. 80

711.5890/2–1053: Telegram

The Ambassador in India (Bowles) to the Department of State

CONFIDENTIAL NEW DELHI, February 10, 1953—7 p.m.

3208. From Bowles. During talk Friday Nehru brought up subject Seventh Fleet, Formosa, and asked if I could give him any information. He said Arthur Sulzberger of *New York Times* had been quoted in Bombay that this move was largely due domestic pressure and Formosa Government was in no position carry on sizeable raids against Chinese mainland.

He asked for my opinion on accuracy Sulzberger's analysis. I told Prime Minister it absolutely impossible me offer judgment as I had no facts. I stated Formosa over period of time had become more or less symbol in US and there had been deep opposition to curbing of Chinese Nationalist raids.

I again repeated what I have said over and over again in last few weeks—that I hoped he would not jump to conclusions on American policy and that he would do nothing create further uneasiness or misunderstanding. Prime Minister expressed opinion Labor Party could take over easily in US [*UK*] if American policies in Asia became aggressively aimed at Chinese people. He stated

Attlee [1] told him during recent visit New Delhi he felt he could get majority any time but would prefer to stay in opposition for time being.

Nehru stated Chinese situation would certainly be discussed in General Assembly February and March. Said in 1938, just before Munich, when he was in Geneva, Paris and London, France was building up army and Britain had navy ready sail. Europe seemed on brink of war. Yet when he reached Geneva he found League of Nations arguing about control of narcotics and apparently oblivious to fact that second world war seemed imminent.

He stated although he would do nothing stir up situation at present it was quite clear that subject had to be discussed fully at UN if UN to have any meaning. He was not specific beyond this point and because of emotional atmosphere generated by discussion of my resignation I did not press him further.

BOWLES

[1] British Labor Party leader Clement Attlee.

No. 81

Editorial Note

Secretary of State Dulles and British Foreign Secretary Anthony Eden discussed the question of restrictions on trade with Communist China on March 5, during a visit to Washington by Eden and British Chancellor of the Exchequer R. A. Butler. A joint communiqué issued on March 7 included an announcement that the British Government intended to introduce restrictions to ensure that ships under British registry would not carry strategic materials to China and that ships carrying strategic cargoes to China should not be bunkered in British ports; it also stated that both governments would concert their efforts to secure the cooperation of other maritime and trading nations in such measures. For the text of the communiqué and a record of the March 5 meeting, see volume VI.

No. 82

INR-NIE files

Special Estimate [1]

TOP SECRET
SE-37

WASHINGTON, 9 March 1953.

PROBABLE EFFECTS ON THE SOVIET BLOC OF CERTAIN COURSES OF ACTION DIRECTED AT THE INTERNAL AND EXTERNAL COMMERCE OF COMMUNIST CHINA

[Here follows a table of contents.]

THE PROBLEM

To examine the current status and effectiveness of controls on trade with Communist China.

To examine the short and long term effects on the capabilities of the Chinese Communist regime of: (a) a complete embargo; (b) a naval blockade, alone or combined with bombardment of transportation facilities in Communist China; and (c) a Chinese Nationalist effort at blockade and aerial bombardment.

To estimate Communist reactions to these measures.

This estimate does not consider whether the UN would cooperate in these measures, or what the reaction of other non-Communist powers would be if the US adopted these measures unilaterally.

This estimate does not consider the probable consequences of substantially intensified US or US/UN military operations in Korea or Communist China undertaken in conjunction with some or all of these courses of action.

This estimate assumes that a blockade of Communist China would not involve interference with shipping to ports of the Soviet Far East.

CONCLUSIONS

1. *Present controls on trade* with Communist China have not prevented the build-up of Chinese Communist military strength. More-

[1] A note on the cover sheet of the source text reads:

"The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff.

"All members of the Intelligence Advisory Committee concurred in this estimate on 5 March 1953. See, however, the comment of the Director of Naval Intelligence and the Deputy Director for Intelligence, The Joint Staff, on paragraphs 3, 8, and 50. Also the comment of the Director of Naval Intelligence on paragraph 35."

over, Communist China's industrial and internal transportation systems have continued to expand since 1950, but at a greater cost to the Soviet Bloc and at a lower rate than if Western controls had not been in effect.

2. *A total embargo* on non-Communist trade with Communist China would probably have no significant effect on Chinese Communist capabilities to sustain military operations in Korea or to undertake military operations elsewhere, but would retard the expansion of Chinese Communist industry. An embargo would make Communist China economically more dependent on the USSR. An embargo would probably not induce the Communists to embark on new aggression, but would probably lead them to intensify political warfare.

3. *A naval blockade* of Communist China * would increase the difficulty of Chinese Communist military operations requiring large expenditures of matériel, either in Korea or elsewhere. The present estimated maximum capacity of the inland transportation facilities serving Communist China is probably adequate to carry essential tonnage now seaborne plus the essential traffic now carried by land. † However, a blockade would create serious economic problems. For instance, railroads do not serve all parts of Communist China now served by coastal shipping. A blockade would make Communist China economically more dependent on the USSR and would retard the expansion of Chinese Communist industry to a greater extent than an embargo. We believe that the political controls within Communist China are now so strong that their effectiveness would not be jeopardized by these economic difficulties.

4. *In reaction to a naval blockade,* the Chinese Communists would almost certainly attack the blockading forces, with covert Soviet assistance, and might launch new acts of aggression, such as the seizure of Hong Kong and Macau. The USSR might react to a naval blockade by attempting to bring merchant ships into Port Arthur and Dairen under Soviet naval escort, by attempting to force the blockade at other points, or by waging mine and submarine warfare against the blockading forces. However, we believe that the USSR would be unlikely to initiate general war solely because of incidents arising out of attempts to force the blockade. We

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* The effects of a naval blockade of Communist China would be materially lessened if trade with Communist China through Port Arthur and Dairen, Hong Kong and Macau were not prevented. [Footnote in the source text.]

† The Director of Naval Intelligence and the Deputy Director for Intelligence, The Joint Staff, believe that the transportation burdens imposed upon Communist China by a naval blockade may well be considerably greater than is indicated by this paragraph. [Footnote in the source text.]

believe that the blockade would not in itself induce the Communists to accept a Korean settlement on UN terms.

5. *Large scale and sustained air and naval bombardment of key Chinese Communist transportation lines, in conjunction with a naval blockade,* could sharply reduce Chinese Communist military capabilities. Communist China's economic potential would be seriously affected, and the physical problems of the regime in maintaining control would be increased.

6. *In reaction to a blockade and bombardment,* the Chinese Communists would make a maximum air defense effort in China and Manchuria. Units of the Soviet Air Force in the Far East would covertly participate in the air defense effort, particularly in Manchuria. The Chinese Communists would probably also employ their air capability against some US/UN bases in the Far East. We believe that a blockade and bombardment would not in itself induce the Communists to accept a Korean settlement on UN terms.

7. In the unlikely event that the blockade and bombardment should threaten the existence of the Chinese Communist regime, the USSR would increase its aid to Communist China, possibly even to the point of openly committing Soviet forces against US forces in US/UN held territory and adjacent waters in the Far East.

8. *Blockade and bombardment by the Chinese Nationalists alone* would not under present conditions of Chinese Nationalist strength and operational efficiency, have a major effect. In reaction to a Chinese Nationalist blockade and bombardment, the Chinese Communists would almost certainly attack the blockading and bombarding forces and might retaliate by air against Nationalist-held territory. ‡

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‡ The Director of Naval Intelligence and the Deputy Director for Intelligence, The Joint Staff, believe that, if given US matériel and training support and complete US staff planning for all blockading operations, the Chinese Nationalists could probably impose a blockade which would substantially reduce seaborne traffic and coastal traffic south of Shanghai and through the Straits of Formosa. This probably could be accomplished within a period of six months after receipt of US assistance and despite Chinese Communist air and surface operations. The degree of US matériel and training support needed to achieve this result would be at the minimum: (a) Increasing US aid (including spare parts and equipment) to the extent that the vessels now commissioned in the Nationalist Navy would be capable of operating effectively at least 50% of the time; (b) Instituting a vigorous training program which would include vessels operating with US underway training groups; (c) Insisting that the Chinese Nationalist Air Force exert maximum effort to provide air search and cover for blockading units; (d) Insuring that Nationalist crews receive a proportionate share of all prizes. [Footnote in the source text.]

DISCUSSION

Extent of Present Controls on Trade With Communist China

9. Most of the nations outside the Soviet Bloc apply some form of export controls over trade with Communist China. The US has maintained a total trade and shipping embargo against Communist China, as well as controls over the dollar assets of Communist China, since December 1950. Canada, Japan, Nationalist China, and the Philippines have imposed trade restrictions almost as severe, while Costa Rica, Honduras, Liberia, and Panama have imposed strict controls over the movement of their vessels to Communist China. The UK has embargoed or restricted the export of a wide variety of strategic items including natural rubber. In July 1950, the Western European countries which are members of the Coordinating Committee (COCOM) § on East-West trade applied to Communist China the selective controls earlier put into effect against the rest of the Soviet Bloc. After Communist China was declared an aggressor by the UN, these countries instituted controls over trade with Communist China more severe than the controls over trade with the rest of the Bloc. At the present time, the COCOM countries embargo to Communist China all items included on the three International Lists plus some 16 additional items of particular strategic significance to Communist China. A China Committee (CHINCOM) parallel to COCOM was set up in the fall of 1952 for the purpose of working out international export controls to be applied in the Far East. A great number of other nations have also taken action to restrict strategic shipments to Communist China in accordance with the UN Additional Measures Resolution of May 1951. The Battle Act, enacted in the fall of 1951, has served to reinforce the COCOM and UN embargo by making the continuation of US assistance conditional upon the recipient country's cooperation in supplying controls over strategic shipments to the Soviet Bloc, including Communist China.

10. There has been a wide variation, however, in the contraband lists and enforcement measures used by individual countries. Although the controls imposed by the UK and the continental COCOM countries are fairly comprehensive, they fall short of the total embargo imposed by the US. Other nations, which are largely non-industrialized and do not produce strategic equipment, have shown little uniformity in their interpretation of the UN Resolution, which covers transportation materials of strategic value and items useful in the production of military matériel as well as petro-

§ Participants in the COCOM include Belgium, Denmark, France, West Germany, Italy, Japan, Luxembourg, the Netherlands, Norway, and Portugal as well as the US, the UK, and Canada. [Footnote in the source text.]

leum and purely military items. A number of Middle Eastern and Southeast Asian countries have made a general commitment to deny strategic items to the Chinese Communists, while India, Pakistan, and Burma have not been willing to go on record as supporting the UN Resolution, although they have been cooperating informally in preventing re-export of strategic items to the Chinese Communists. Ceylon, which is not a member of the UN, has refused to comply with the UN Resolution so far as shipments of rubber to Communist China are concerned.

11. Shipping controls have been particularly weak. The COCOM countries prohibit the sale of ships to Communist China and impose restrictions on the sale of merchant ships to the rest of the Bloc. Since October 1950 at least 33 vessels have been transferred to Soviet Bloc flags. However, COCOM restrictions on sales were tightened somewhat in December 1951. The US alone has imposed comprehensive formal controls on ship sales, repairs, and bunkering. During the past year, 61 Bloc ships, totalling 300,000 gross registered tonnage, received 30 days or more of repair work each in Western shipyards. Only the US, Costa Rica, Honduras, and Panama prohibit vessels of their registry from entering Chinese ports, although Liberia prohibits vessels of its registry from carrying strategic cargo to Communist China. Present COCOM controls do not prohibit the chartering of merchant vessels other than tankers to the Soviet Bloc and this prohibition has not been effective. Although the greater percentage by far of chartered vessels do not touch Chinese Communist ports, these vessels are used by the Soviet Bloc in Western European, South Atlantic and Indian Ocean trade and make possible the release of Communist flag vessels for direct service to Communist China.

The Effect of Present Controls on Communist China

Effect on Foreign Trade

12. *Imports from non-Soviet Bloc Countries.* The value of the goods imported from non-Communist countries by Communist China rose to a peak in the first half of 1951 but then dropped sharply during the second half of 1951, when trade controls became more stringent, and have remained at a relatively low level through 1952. These imports are estimated at $382 million in the first half of 1951, $148 million in the second half of 1951, and $135 million and $155 million respectively in the first and second halves of 1952. The volume of imports from non-Communist countries fell from 746,000 tons in the first half of 1951 to 242,000 tons in the

second half of 1951, and then rose to 270,000 tons in the first half of 1952 and 330,000 tons in the second half of 1952. ‖

13. The rise in tonnage reflects the increased import of such bulky commodities as ammonium sulphate and chemicals for heavy industry. A decline occurred in the import of goods on which most non-Communist countries have imposed control, notably metals and machinery, and crude rubber. (Crude rubber imports have continued to come principally from Ceylon.) During the 18 months ending December 1952, raw cotton accounted for one-quarter, and crude rubber, pharmaceuticals, fertilizers, dyestuffs, and heavy industrial chemicals for one-half of Communist China's imports from non-Communist countries. Except for the decline in imports of metal and machinery from $125 million in 1950 to $14 million in 1952, the level and pattern of imports in 1950 and 1952 were roughly the same.

14. *Exports to non-Soviet Bloc Countries.* Foreign exchange earnings from exports to non-Communist countries have declined steadily since their peak in the last half of 1950. These exports are estimated at $400 million in 1950, $335 million in 1951, and $270 million in 1952. The volume of exports to non-Communist countries in 1952 is roughly estimated at 1.7 million tons (2.4 million tons in 1951), consisting largely of low-value bulky items such as coarse grains and soy beans. With the loss of markets for specialized items such as tung oil, bristles, egg products, and handicrafts, Communist China's exports to non-Communist countries have increasingly been limited to foodstuffs for Hong Kong and Malaya, and grains and oilseeds for South Asia and Western Europe.

15. *Imports from Soviet Bloc Countries.* On the basis of Chinese Communist data which are generally consistent with other information, imports from the Soviet Bloc rose from $100 million in 1950 to nearly $1 billion in 1951. Chinese Communist data also indicate that imports in 1952 remained at roughly the same level as in 1951. Imports in both 1951 and 1952 consisted largely of military equipment and of commodities unavailable from non-Communist countries, notably petroleum, vehicles, machinery, metals, and metal manufactures. However, there were some imports from the Bloc of items currently being imported from the West, such as drugs, fertilizers, chemicals, and sugar.

‖ The figures in this paragraph are based on an agreed US–UK intelligence study of Communist Chinese imports during 1951 and the first half of 1952, and preliminary US estimates for the last half of 1952. The Director of Naval Intelligence believes that the volume of trade is larger than the figure agreed upon and included in these calculations, but it is impossible to arrive at a new agreed estimate at this time. In any case, it is unlikely that the new figures would invalidate any of the conclusions based on the present figures. [Footnote in the source text.]

16. Soviet Bloc shipments to Communist China by sea are estimated at 700,000 tons in 1952 ¶ as against 350,000 tons in 1951. On the basis of partial cargo data, it is estimated that roughly one-fifth of this tonnage in 1952 consisted of petroleum products and two-fifths of metals and machinery. The value of seaborne imports from the Soviet Bloc is estimated at approximately $200 million.

17. Overland imports from the Soviet Bloc are roughly estimated at $800 million for 1952. The total volume of overland imports during 1952 is estimated to be 3.4 million tons. Military equipment and POL accounted for a large part of these overland shipments; in addition, there were substantial commercial imports of machinery, metals, and motor vehicles.

18. *Exports to the Soviet Bloc.* It is estimated that Chinese Communist exports to the Soviet Bloc were $175 million in 1950 and $350 million in 1951. These exports are believed to have risen sharply in 1952 and are very roughly estimated at $500 million. It is believed that the Chinese Communists are attempting to increase these exports still further in 1953, apparently in an effort to reduce the trade deficit with the Soviet Bloc. Seaborne exports to the Bloc during 1952 are estimated roughly at 800,000 tons and apparently consisted largely of grain, soy beans, and ores. On the basis of partial evidence, we estimate the volume of overland exports to the Soviet Bloc during 1952 at three million tons.

19. *Over-all Effects.* Present trade controls appear to have been an important factor in the sharp change that has occurred in Communist China's foreign trade. In 1950, only one-fourth of Communist Chinese foreign trade was with the Soviet Bloc while three-fourths was with the West; in 1952, these proportions were almost reversed. However, other factors would have tended to increase Soviet Bloc exports to Communist China even if Western trade controls had not existed. These factors are: (a) movement of Soviet military supplies in support of the Communist war effort in Korea; (b) shipment of nonmilitary items to Communist China in fulfillment of Soviet commitments in the Sino-Soviet agreements of 1950 to provide economic assistance; and (c) the avowed policy of the Communist Bloc to achieve economic self-sufficiency.

Economic Effects

20. *Industrial Effects.* The restriction of imports into Communist China as a result of present controls has not curtailed industrial output. In fact, because of the greatly increased level of commercial

¶ Exclusive of approximately 50,000 tons of cargo picked up by Bloc vessels in non-Communist countries and shipped to Communist China. This cargo has been counted in Communist China's imports from non-Communist countries. [Footnote in the source text.]

imports from the Soviet Bloc and the more effective use of available equipment and stocks in Communist China, industrial output has continued to expand. However, this expansion would probably have been greater if the present trade controls were not in effect.

21. *Effect on the Railroads.* The railroad transportation system of Communist China, while not expanding to the extent it would have without present Western controls, has steadily improved in capacity and performance. Control measures have stopped imports from the West of locomotives, freight cars, parts for rolling stock, and rails. However, the Soviet Bloc has supplied limited quantities of these items which, together with local production, has permitted the maintenance of existing equipment and continued expansion of the rail network, despite the losses in Korea.

22. *Effect on Other Internal Transportation.* The expansion of motor freight movements which has occurred in Communist China during 1952 has been made possible largely by imports of Soviet trucks and petroleum. However, the traffic in smuggling of parts for motor vehicles continues to be considerable, indicating that Soviet Bloc assistance has not kept pace with expanding Chinese Communist requirements and that Western controls are imposing some cost on Communist China in this regard. Coastal shipping has not been appreciably affected by Western controls since most non-Communist countries permit their flag vessels to operate in the Chinese Communist coastal trade. Moreover, during the last year the Chinese Communist demand for foreign coastal shipping seems to have slackened, and it is possible that an increasing part of Chinese Communist requirements for river and coastal shipping capacity is being met by their own fleet.

23. *Over-All Economic Effects.* Despite the curtailment of trade with the West, during the last two years the Chinese Communist regime has made rapid progress in economic reconstruction, particularly in the restoration and expansion of its industrial capacity. However, the reduction in Communist China's net receipts from foreign trade must be viewed as a deduction from the resources that otherwise would have been available to the government for investment. Without Western trade restrictions, Communist China's economic progress probably would have been greater than it actually was, and it certainly could have been accomplished at less cost to the Soviet Bloc.

Military Effects

24. *Ground Forces.* Although Western trade controls have made it difficult for the Communists to acquire certain important items such as antibiotics and other medical supplies, communications equipment, and rubber products, the Chinese Communist ground

forces have not been adversely affected by Western trade controls. Communist China produces only a part of its own light ground force equipment and supplies. The materials required for Communist China's munitions industry are relatively small in tonnage and are for the most part produced domestically. The only important import requirements are for copper and zinc, which are supplied in adequate quantities for the most essential uses by the USSR. In addition, the USSR is providing most of the heavy military equipment, virtually all POL, and a large share of the light equipment and supplies used in Korea.

25. *Air Force.* Since the USSR provides Communist China with virtually all aviation equipment and supplies including avgas and jet fuel, present Western controls on strategic materials have not affected the capabilities of the Chinese Communist Air Force. The Air Force has continued to expand in aircraft strength and capabilities throughout the period of present Western controls.

26. *Navy.* Since a large part of the Chinese Communist Navy is composed of former foreign naval vessels, present Western controls on strategic materials have almost certainly hindered the Chinese Communists in their efforts to put back into service and maintain their naval vessels. As far as is known, the USSR has supplied at most only a few small warships to the Chinese Communists, forcing them to rely almost entirely on those ships taken over from the Nationalists.

Internal Political Effects

27. Western trade restrictions have not appreciably affected the Chinese Communist regime's ability to consolidate its political position. In fact, the restrictions have been cited by the Communists in domestic propaganda as an additional indication of the implacable hostility of the West, and thus have provided the Chinese Communists with a pretext for applying further stringent political controls.

[Here follows discussion of the other topics dealt with in the "Conclusions" sections, with an attached map of the Chinese railroad system.]

No. 83

611.93/3-1953

Memorandum of Conversation, by the Assistant Secretary of State for Far Eastern Affairs (Allison) [1]

SECRET [WASHINGTON,] March 19, 1953.

Subject: U.S.-Chinese Relations and General Situation in the Far East

Participants: Dr. V. K. Wellington Koo—Chinese Ambassador
John Foster Dulles—Secretary of State
John M. Allison—Assistant Secretary of State

The Chinese Ambassador called at his request to bring up under instructions from his Government several points with respect to U.S.-Chinese relations and the general situation in the Far East.

Ambassador Koo referred to the press reports of the Secretary's forthcoming visit to South Asia and stated he was instructed by his Foreign Minister to invite the Secretary most cordially to visit Formosa. The Secretary thanked the Ambassador but said that on his presently contemplated trip he would visit only the countries of the Middle East and possibly Pakistan and India. [2] The Secretary had no intention of visiting any of the Far Eastern countries at this time, although he hoped it would be possible to do so later on.

Ambassador Koo then stated he had been instructed to raise the problem created by the lack of any sort of joint military planning for the defense of Formosa between the appropriate U.S. and Chinese authorities. He said that his Government hoped that some form of joint or combined planning organization could be set up to look into the problem of the defense of Formosa and consider the various alternatives open. The Secretary expressed his agreement with the general proposition that there should be coordination in some form of plans for the defense of Formosa and referred to conversations he had previously had with Admiral Radford, Commander-in-Chief of the Pacific, who had expressed concern at his lack of authority to initiate some form of discussions along these lines. Mr. Allison stated that this was a problem which was recognized both in the State and Defense Departments and that officers of the two Departments were in consultation at present over what might be done in this regard. It was hoped that agreement would shortly be reached and that discussions might soon be held with appropriate officers of the Chinese Government.

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[1] Secretary Dulles' approval is indicated on an attached note.

[2] Dulles and Stassen visited countries of the Middle East and South Asia May 9-29; for documentation concerning their trip, see volume IX.

Ambassador Koo then raised the question of a possible mutual security pact with the National Government of China and asked specifically whether the present would be an opportune time for the Chinese Government formally to propose negotiation of such a pact. The Ambassador referred to U.S. security pacts with Australia, New Zealand [3] and the Philippines [4] as well as with Japan [5] and expressed the opinion that these should be rounded out by the conclusion of a pact with the Government on Formosa. The Secretary said that obviously we were sympathetic to the general proposition of creating security arrangements in the Pacific but that the problems, created by countries in which there was still an element of civil war and in which the final and ultimate boundaries of the particular country were not definitely determined, were such that it made it necessary to consider most carefully how this should be done. The Secretary said that the United States would not want to make a treaty which would result in a commitment for the United States to go to war on the mainland of Asia and that it would be extremely difficult, and might in fact be embarassing to the Chinese Government, to limit the effect of any treaty to just Formosa and the Pescadores. The Secretary also pointed out that if such a treaty were negotiated with the Chinese we would have a very similar problem with the Koreans who had long been urging the conclusion of some form of mutual security pact with the United States. Even further afield were the problems of Indo-China and Malaya where there would undoubtedly be demand for some such pact once the pact was concluded with China. Ambassador Koo said that the moral effect of the conclusion of a mutual security pact with the United States would be very great and that it would have particular influence with the overseas Chinese and encourage them in their present trend in favor of the Government on Formosa. The Secretary said he recognized this and in principle we certainly wanted to help in every possible way. He suggested that we continue to think about this problem for a time and see how the situation developed and whether or not there were steps which could be taken looking toward the further development of some form of Pacific security machinery.

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[3] For the text of the security treaty between Australia, New Zealand, and the United States (the ANZUS Pact), signed at San Francisco on Sept. 1, 1951, see TIAS 2493 or 3 UST (pt. 3) 3420.

[4] For the text of the mutual defense treaty between the Philippines and the United States, signed at Washington on Aug. 30, 1951, see TIAS 2529 or 3 UST (pt. 3) 3947.

[5] For the text of the security treaty between Japan and the United States, signed at San Francisco on Sept. 3, 1951, see TIAS 2491 or 3 UST (pt. 3) 3329.

Ambassador Koo then referred to press reports of the talks with Foreign Minister Eden of the United Kingdom [6] and to rumors which he and his Government had heard that during these talks the British continued violently to oppose the National Government of China and had in fact suggested support for the promotion of some sort of third force movement. The Secretary stated that there had been many rumors going around, most of them incorrect. He specifically denied that the British had raised in any way the question of the promotion of a third force movement and said that on the contrary it appeared that the British were slowly attempting to come around more closely to the American point of view toward the Far East. The Secretary referred to the domestic political problems of the British Government and said that, having these in mind, he was encouraged rather than otherwise at the attitude that had been shown by Mr. Eden.

When the Ambassador rose to depart, the Secretary asked him, "When are you going to get your troops out of Burma?", and went on to express briefly to the Ambassador the seriousness with which the United States Government viewed the situation in Burma. [7] The Ambassador said that he had had nothing in the past few days from his Government but that he hoped steps that it had already taken were helpful. Mr. Allison stated that we appreciated what the Chinese Government had done but that we still believed it necessary for the Chinese to agree in principle to the removal of the KMT troops from Burma and that if this agreement could be given we would then be in a position to go to the Burmese and request them not to bring this problem to the United Nations. It would also then be possible to work out some form of investigatory body or commission which could look into the practical problems involved.

After the Ambassador had left the Secretary's office he told Mr. Allison that he thought his Government had received the wrong impression and that it believed that the United States was demanding that at this time it issue an unequivocal order to the Chinese troops in Burma to leave the country. He said that his impression was that all we were asking was for agreement in principle to issue such an order if after investigation it proves practical to remove at least some of the troops from Burma. Mr. Allison stated that while the United States believed the best possible thing would be for the Chinese Government at this time to issue an unequivocal order for the return of the KMT troops, nevertheless we recognized the difficulties for the Chinese in taking this step, but that we very strongly believe the Chinese Government should authorize us to

[6] See Document 81.

[7] For documentation on this subject, see volume XII, Part 2.

inform the Burmese Government of its agreement in principle to the removal of the troops. Ambassador Koo said he understood our position and that he would telegraph again immediately to his Government.

No. 84

794A.5 MSP/3-2353

The Chargé in the Republic of China (Rankin) to the Department of State

SECRET TAIPEI, March 23, 1953.

No. 513

Ref: Embassy Despatch No. 483, March 13, 1953, "MDAP Budget Estimate for Fiscal Year 1954". [1]

Subject: Proposed MDAP Equipment Program and Country Statement for Formosa, Fiscal Year 1954.

Enclosed are one copy each of the Proposed 1954 MDAP Equipment Program and the accompanying Country Statement (classified and unclassified sections) prepared by MAAG Formosa for budget presentation purposes. [2] These documents together with information transmitted as enclosures to the despatch under reference comprise the complete tentative FY 1954 budget presentation for MAAG, Formosa, now being reviewed by the Defense Department. The projected matériel program calls for expenditure of $110,000,000 in Fiscal Year 1954.

Among the strategic assumptions included in the Country Statement are several which anticipate revision of United States policy regarding the activity of the armed forces of Free China. In addition to the present policy of utilizing these forces for the defense of Formosa and for launching limited raids on the mainland, the following are also listed in justification of present and projected military build-up as "probable missions":

(1) Larger raids on the mainland including the employment of the Chinese Air Force;
(2) Blockade of the mainland coast;
(3) Invasion of the mainland;
(4) Assignment of an army of 25,000 to the Korean front;
(5) Operations in Southeast Asia in the "far distant future".

For the present MAAG has requested the Ministry of Defense not to utilize aircraft in raids on the mainland and not to alter

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[1] Not printed.
[2] Neither attached to the source text.

radically the present pattern and tempo of any raids on Communist-held territory. MAAG is to be informed in advance of any raids participated in by more than 500 men.

On the military side here there has been some preliminary discussion of the question of planning an effective blockade of the mainland. General Chow, Chief of General Staff of the Ministry of National Defense, recently stated in confidence that a blockade of the stretch of China coast between Ta-ch'en and Swatow for interception of only Communist Chinese vessels would not justify the effort because of the small amount of shipping which would be affected. The Ministry of National Defense is willing to consider planning for Chinese execution of a thorough blockade of this section of the coast, but has pointed out in this connection that it would request the United States to render the necessary political support vis-à-vis other nations whose shipping would be intercepted. Chow estimates that this type of blockade would "inflict limited damage" on the economy of Communist China but could not be expected to achieve spectacular results. He is of the opinion that the only type of blockade which could inflict serious damage on the Peiping regime would be a total blockade of the entire coast in which both United States and Chinese forces participated.

As indicated in previous despatches of this mission, the scope and nature of planning, training and equipping here goes beyond the minimum required for purely defensive purposes. Now that delivery of equipment has been accelerated and the end of the MAAG program for building up the "potential" of Chinese Forces is in sight (1955 is the target year), the need for a definitive policy framework regarding prospective utilization of these forces becomes more acute. MAAG estimates that once the present build-up has been completed an annual grant-in-aid of $40,000,000 for military equipment and supplies will be required to maintain these forces on Formosa. This does not include costs of replacement of obsolescent matériel or of ammunition for other than training purposes. Nor does it include the possible extension of the MAAG program to include off-shore Chinese forces, a request which MAAG has recently referred to the Defense Department.

In addition to the proposed increase of MAAG military personnel from 891 to 2,540 reported in the despatch under reference, the FY 1954 Budget Estimate calls for a new Signal Battalion of 700, which brings total requested MAAG military personnel up to 3,240. The Signal Battalion personnel have been requested for the purpose of operating a communications system designed to improve liaison among the Seventh Fleet, MAAG Headquarters and the Chinese forces. The remainder of the increase in military personnel represents MAAG's estimate of what is needed to prepare Chinese

forces for any or all of the above missions with maximum speed and thoroughness, although the more modest missions would require fewer Americans.

K. L. RANKIN

No. 85

611.93/3-2553

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Allison) to the Secretary of State [1]

TOP SECRET WASHINGTON, March 25, 1953.

Subject: Proposed JCS Directive to CINCPAC regarding Defense of Formosa [2]

There is attached a draft directive to CINCPAC (Admiral Radford) from the JCS which authorizes basing patrol and reconnaissance aircraft on Formosa (they are now operating from Okinawa and a tender in the Pescadores); establishing necessary facilities on Formosa to permit the prompt basing of jet combat aircraft in the event of an emergency (no combat aircraft are to be stationed there without prior JCS authorization or an emergency which in the judgment of CINCPAC is so great as to not permit of any delay); stationing U.S. personnel at such U.S. installations to guard supplies and otherwise to maintain the internal security of the installations.

The directive also provides that CINCPAC will coordinate with the Chinese Nationalist Government plans for the defense of Formosa and the Pescadores against invasion or attack, such defense to be by CINCPAC forces in coordination with Chinese Nationalist forces. It also provides that CINCPAC will develop and coordinate with the Chinese Nationalist Government plans for the offensive participation of Chinese Nationalist forces. Combined training exercises of U.S. and Chinese Nationalist forces are also authorized. CINCPAC is also to discuss with the Chinese, command relationships with the view to obtaining at least tacit agreement to U.S. command of combined forces in an emergency. In the event of air

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[1] Sent through Deputy Under Secretary Matthews, who initialed it.

[2] The draft directive described here was not attached to the source text; a copy is in PPS files, lot 64 D 563, "China 1952-1953". Except for minor textual changes for purposes of transmission and one substantive change, it was identical to JCS telegram 935782, Document 90. The only substantive change was the addition of the second sentence in paragraph 3.a.(6). Copies of the draft directive were given to Department of State representatives at a State-JCS meeting on Mar. 6, according to a memorandum of discussion of the meeting. (State-JCS Meetings, lot 61 D 417)

or sea attack against U.S. forces they will take immediate and aggressive self-defense measures, but retaliatory action against targets on the Chinese mainland will be taken only with the approval of the JCS. U.S. forces will not participate in the defense of other Chinese Nationalist held islands unless Formosa or the Pescadores are also attacked.

From a military point of view, this directive is a logical and essential step to assure the security of Formosa and the Pescadores. The directive is well drawn up so as to minimize the cost to the U.S. and the number of U.S. personnel required for the implementation of these measures. Coordinated planning for the offensive use of Chinese Nationalist forces is also logical if the Chinese Nationalist potential for action against the Chinese Mainland is to be of maximum effectiveness in the event that a situation arises in which the U.S. determines it should be utilized.

It would also be useful to the U.S. to know what offensive operations the Chinese Nationalists are proposing or carrying out and to be in a position to exercise influence over such operations. However, there are obvious problems in U.S. association, if only in planning with Chinese Nationalist operations against the mainland that may not fit in with U.S. planning. We believe that this portion of the directive should be clarified to whatever extent may be possible and practicable, and plan to discuss this with the JCS.

Implementation of the Directive must of course be preceded by discussions with the Chinese Nationalists and their agreement to the measures necessary for the basing of patrol and reconnaissance aircraft on Formosa and the stand-by facilities for combat aircraft.

The timing of both the discussions with the Chinese Nationalist Government and of the implementation of various measures authorized by the directive also need consideration and will be discussed with the JSC.

Recommendation:

Subject to the foregoing, it is recommended that you approve in principle this draft directive to CINCPAC.

No. 86

State–JCS Meetings, lot 61 D 417

Memorandum of the Substance of Discussion at a Department of State–Joint Chiefs of Staff Meeting, Held at the Pentagon, March 27, 1953, 11:30 a.m. [1]

TOP SECRET

[Here follows a list of 16 persons present, including Generals Bradley, Collins, and Vandenberg and Admiral Fechteler. The Department of State Delegation was headed by Nitze and Allison. S. Everett Gleason represented the National Security Council Staff.

[The meeting opened with a brief discussion concerning a bill before Congress pertaining to the North Atlantic Treaty Organization.]

Revision of CINCPAC Orders

General Bradley: We wanted to discuss the question of changing CINCPAC's orders about Formosa. As of now, he does base a few reconnaissance planes in the Pescadores, but none on Formosa. Now that his mission has become a little more touchy than it was before, we thought that some extra steps were called for.

Admiral Fechteler: We propose under these draft instructions [2] to permit him to base patrol and reconnaissance aircraft on Formosa and to undertake development of those installations which would permit him to base other planes on Formosa in case of emergency. We propose to give him authority to install communications against an emergency. Further, the draft directive would give him authority to conduct reconnaissance over all Chinese coastal areas. As of now, he is limited on the south to Hong Kong. It calls for authority for him to talk to Chinese Nationalists on plans for the defense of Formosa and to participate in combined training as necessary. It would give him authority in event of an attack to base other aircraft on Formosa and to augment other American personnel, with the exception of ground forces. It also gives him authority to pre-stock materials and equipment which might be necessary in an emergency.

Mr. Allison: We have gone over the draft directive. In general, it seems to us to be all right, although there are a few points on which we think some clarification is needed. We have recommended to our Secretary that we should agree in principle. He has not yet had time to study the question and we thought that it would be

[1] A note on the title page reads: "Draft. Not cleared with any of participants."
[2] See footnote 2, *supra*.

helpful today to get some clarification on the points that we believe need to be cleared up so that we can brief our Secretary before he makes a decision.

In the first place, is my understanding correct that the directive will be accompanied by a supplementary letter describing the manner in which it is to be implemented? If so, we think it would be helpful to have State and Defense jointly draft such a message which would lay out the general considerations that Radford should keep in mind in implementing this directive.

Admiral Fechteler: That would be fine with us.

Mr. Allison: One specific question we have is in Section 3, a, (6) where Radford is instructed to coordinate with the Chinese Nationalists plans for defense of the island. We would like to suggest additional language to the effect that in coordinating plans for the defense there should be no commitment made for U.S. support which is not required by U.S. interests or which might jeopardize other commitments of the U.S. such as, for example, with regard to Japan.

General Vandenberg: I would like to raise the general question as to whether we are completely clear on what we may be getting into. As I understand it, we are getting ready, unilaterally, since this is a purely U.S. undertaking, to protect Formosa. If the Chinese Communists should mount an air attack on Formosa, we would counter it. This would undoubtedly involve attacks on the mainland. Given the Sino-Russian agreement, [3] there would be every possibility that Russia would assist the Chinese Communists. In that case, we would be really getting into a war with the U.S.S.R. and China all by ourselves. It seems to me that if that is the policy, everybody involved should clearly recognize the implications.

General Bradley: When we acted on this paper, we acted on the basis that Radford already had instructions to defend Formosa, but that he had no collateral instructions as to how to carry out this defense.

General Vandenberg: I am not disagreeing with the directive. I agree with the paper completely. The only thing is that I think everybody should be clear as to what the possible implications are. As I see it, we have to realize that Chiang Kai-shek is a strong-headed sort of person. He is going to have planes with which he can, if he wants to, attack the Communist mainland. If he does, and if there are Communist attacks in retaliation, I think we should fully understand the kind of flypaper that we are stuck on.

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[3] The Sino-Soviet Treaty of Feb. 14, 1950; see footnote †, Document 50.

Mr. Allison: That is undoubtedly a serious question and there are undoubtedly serious implications in our position, but if to some degree we can get in and plan with the Chinese Nationalists, we would, I think, know better what they are doing and have more influence on what they might do. This wouldn't eliminate the danger which you are talking about, but it would reduce it.

General Vandenberg: I guess my real question is as to whether the Secretary of State has been fully advised from the purely military point of view what the ramifications and implications of our position are with respect to Formosa. It seems to me that the change of mission of the 7th Fleet was addressed primarily to a cold war effect. I am not questioning the decision in any way, but I do think that the Secretary of State should be fully advised on the military implications of the decision.

Mr. Allison: I think that some of your worries are what I had in mind when I suggested that we should carefully draft a supplementary message which would give Radford advice as to how he should handle himself in this situation.

General Vandenberg: Radford is in a position where he has to be damned careful if he is not to get into a war with Russia and still is to carry out the mission that he has been given.

General Collins: I think I should point out that this directive is not an approved JCS paper. It is approved only for discussion with State. I myself have very serious reservations about the language in 4, b, which instructs Radford to "participate in planning defensively or offensively." [4]

Mr. Allison: One of the questions that I had was whether Radford was being instructed to participate in offensive plans with the Chinese or whether he was being instructed to undertake such planning in CINCPAC alone.

Mr. Nitze: Paragraph 3 instructs him to coordinate with the Nationalist Government the plans referred to in both 2 and 4.

General Collins: I personally part company with the directive when it calls for Radford to conduct joint offensive planning with the Chinese.

General Vandenberg: I really have no question about doing that, but I do have a question as to whether everybody knows precisely what we may be getting into.

Mr. Nitze: There really are a series of questions. The first is, are we prepared to defend Formosa against an unprovoked Communist attack? This question we really settled two years ago when the 7th Fleet was given its original mission. The second question is, wheth-

[4] The quotation is inaccurate; section 4.b of the draft directive was identical to section 4.b of JCS telegram 935782, Document 90.

er we are prepared to defend Formosa against Chinese Communist attack if the attack is in response to Chinese Nationalist action. This is the question on which I don't think as yet we have a firm decision. The third question is the degree to which we should coordinate planning with the Chinese Nationalists.

General Vandenberg: I wouldn't worry about the third question if the implications of the second question were clearly evident in the minds of the Secretary of State and the President.

Admiral Fechteler: I think we do have some control over Chiang Kai-shek by reason of the paucity of his capabilities.

General Bandenberg: He is getting fighters now that he can use if he wants to.

General Bradley: He could bomb the Chinese coast and that might well bring Communist retaliation. I am inclined to share Collins' worry about joint offensive planning.

Mr. Nitze: Would Collins' point be met if we omitted reference to 4, b in paragraph 3?

General Collins: I think that would take care of it. Radford obviously has to coordinate with the Chinese Nationalists to carry out a defensive mission.

Mr. Allison: There is, however, some language I believe in 48/5 [5] which calls for the U.S. itself to prepare plans for possible use of the Chinese Nationalist forces.

Mr. Gleason: There is a new Formosa paper [6] now being worked on in the Planning Board [7] which, as I remember, repeats some such language. [8]

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[5] For text of NSC 48/5, "United States Objectives, Policies and Courses of Action in Asia", May 17, 1951, see *Foreign Relations*, 1951, vol. VI, Part 1, p. 33.

[6] Reference is to NSC 146, "United States Objectives and Courses of Action With Respect to Formosa and the National Government of China," Mar. 27, 1953, a paper prepared by the NSC Planning Board. (S/S–NSC files, lot 63 D 351, NSC 146 Series) The statement of policy in NSC 146/2, Document 150, is a revised version of NSC 146.

[7] The NSC Planning Board, created in March 1953, had assumed the functions formerly performed by the NSC Senior Staff. The Planning Board consisted of the Special Assistant to the President for National Security Affairs, chairman, and representatives from the Departments of State, Treasury, and Defense; the Office of Defense Mobilization; and the Office of the Special Assistant to the President on Disarmament.

[8] Paragraph 13 of NSC 146 reads as follows: "Enter into a program of coordinated military planning with the Chinese National Government designed to achieve maximum cooperation from the Nationalists in furtherance of over-all U.S. military strategy in the Far East." A memorandum of Apr. 6 by Lay to the National Security Council, incorporated into the copy of NSC 146 cited above, requested that the paragraph be revised, as agreed by the Planning Board, by deleting the words "in the Far East" and adding the following sentence: "In undertaking such a program of coordinated military planning, secure a commitment that Chinese National Forces will not engage in offensive operations considered by the United States to be inimical to the best interest of the United States."

Admiral Fechteler: It seems to me that we shouldn't wait for any N.S.C. paper before proceeding with this directive. Radford is in a way in a vacuum. His general instructions have been changed, but he has no collateral instructions. I think we should get ahead with this as rapidly as possible.

Mr. Allison: Can't we take the reference to 4 out of 3, and then send out the directive?

General Collins: I still don't see how Radford can really plan, even by himself, to make Chinese forces effective for both the defensive and offensive without going into coordination of plans with the Chinese.

General Bradley: Why couldn't we strike the reference to 4, b out of paragraph 3, and then strike the words "or offensively" from 4, b?

General Collins: I think that would be okeh.

General Bradley: Then why don't we do that and add the language of caution which Allison has suggested?

Mr. Nitze: Going back to the question that Vandenberg raised on fighters, what degree of control do we have over their use?

General Bradley: We still have some control. We are due to give them interceptors and fighter bombers. The interceptors are 86's, which have a very limited range. Perhaps we should give them 86's and not 84's.

General Vandenberg: They won't actually get 86's for a long time, but the 84's are actually going forward. With 86's they might be able to carry out limited strafing of Chinese coastal positions, but the 84's are fighter bombers of considerable range, and with these they could undertake bombardment well into Chinese Communist territory.

General Collins: The new situation that we are in really arises from two things. We have revised the mission of the 7th Fleet so that now a barrier is removed against offensive action by the Chinese Nationalists and, whereas before the Nationalists had no offensive capability, we are now providing them with an offensive capability in the form of jet aircraft and it will be difficult if not impossible for Radford to judge whether any Chinese Communist attack is provoked or unprovoked.

General Vandenberg: I am concerned that the military implications of this should be clearly set forth and understood by our responsible officials.

General Bradley: I should think we could present them in connection with the April 8 meeting, [9] or the Chiefs could comment on the new Formosa paper.

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[9] NSC 146 was scheduled for discussion at the Apr. 8 meeting of the National Security Council; see the memorandum of discussion, Document 93.

Mr. Nitze: It would be helpful to have a paper from you which we could use to brief our Secretary and Under Secretary before the April 8 meeting.

General Bradley: We will try and prepare a paper.

Admiral Fechteler: As I understand it on the directive, we are going to strike out the phrase, "or offensively", use Allison's language, and then Allison and Libby can work out a supplementary message.

Mr. Allison: That's fine, but I would like to remind you that our Secretary has not yet studied or approved the directive.

[Here follows discussion concerning the Korean war, Switzerland, and Panama.]

No. 87

Editorial Note

The question of restrictions on trade with Communist China was discussed at a meeting on March 26 between Secretary of State Dulles, French Prime Minister René Mayer, and French Foreign Minister Georges Bidault, held during a visit to Washington by Mayer and other French officials. A joint communiqué issued on March 28 included an announcement that the French Government intended to take measures to prevent the bunkering of ships carrying strategic materials to Communist China and the transportation of strategic materials to Communist China by French ships. The text of the communiqué may be found in the Department of State *Bulletin*, April 6, 1953, pages 491–492; for documentation on the Mayer visit, see volume VI.

No. 88

611.93/3-2853

Memorandum by the Deputy Under Secretary of State (Matthews) to the Secretary of State [1]

TOP SECRET [WASHINGTON,] March 31, 1953.

I believe that you should be aware of the worries of our Joint Chiefs of Staff arising from the delivery of US F–84 Aircraft to the

[1] This was a covering memorandum attached to a Mar. 28 memorandum by Charles C. Stelle of the Policy Planning Staff, which summarized the concerns of the Joint Chiefs as expressed at the Mar. 27 State–JCS meeting.

Chinese Nationalist Government as reflected in the attached memorandum. As you know, Chiang Kai-shek will be very unhappy if an armistice is achieved in Korea: he wants to broaden the conflict, not end it. He may well be tempted to undertake some adventures with his F–84's either with or without a deliberate intention of involving the US in a broader war with Communist China.

I think we should study possible ways to prevent this happening. [2]

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[2] Secretary Dulles replied in a personally drafted memorandum of Apr. 4, filed with the Matthews and Stelle memoranda, which reads:

"I have your memorandum of March 31 with reference to the worries of the JCS arising from the delivery of US F-84 Aircraft to Formosa. I share these worries. I understand we are attempting to get an agreement with Chiang Kai-shek that he will not use the new equipment we give him against the China mainland without our prior consent. I consider this of the utmost importance, and I believe that the Defense Department should suspend any deliveries of aircraft capable of attacking the mainland until we get the political agreement we want.

"General Smith mentioned this same topic to me and I expressed to him the same views."

No. 89

State–JCS Meetings, lot 61 D 417

Memorandum of the Substance of Discussion at a Department of State–Joint Chiefs of Staff Meeting, Held at the Pentagon, April 3, 1953, 11 a.m. [1]

TOP SECRET

[Here follows a list of 20 persons present, including General Collins, Admiral Fechteler, and General Twining. The Department of State Delegation was headed by Matthews. The Department of Defense was represented by Frank C. Nash and the NSC Staff by Gleason.

[The meeting opened with discussion concerning the Korean war.]

Mr. Matthews: We would like to discuss further the new instructions for Radford.

Mr. Allison: I am afraid there has been some slight mixup on this because I understand that you had word over here that our Secretary had approved the draft instructions in principle when, as a matter of fact, he had not yet studied them. The Secretary has, however, now seen them and with the amendments which we have already agreed upon I believe there will be no problem in regard to

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[1] A note on the title page reads: "Draft. Not cleared with any of participants."

his approval. Your people sent over a draft of the supplementary message to Radford [2] which would lay out the general considerations which he should keep in mind in implementing his instructions. We have no objection to anything in your draft, but in view of our discussion of last week on the military implications of our position in regard to Formosa, we would like to suggest that a new paragraph be added. (At this point Mr. Allison gave the Chiefs the following draft.)

"In coordinating plans with the Chinese Government for the offensive use of Chinese Nationalist Forces, agreement should be secured that these forces will not engage in offensive operations considered by U.S. to be inimical to its best interests. In particular you should make clear that the U.S. is undertaking no commitment to counter Communist military actions which are the consequence of Chinese Nationalist offensive operations undertaken without prior concurrence of U.S. authorities."

Mr. Nitze: We originally took up with the Secretary somewhat milder language and he thought it should be strengthened so as to read as this now reads.

General Collins: Wouldn't it be clearer if the end of the first sentence were revised to read "to be inimical to the best interests of the United States".

Admiral Fechteler: Wouldn't it also be better to say "a commitment must be secured" instead of "agreements should be secured".

Mr. Nash: The last paragraph of the JCS memo to the Secretary of Defense [3] recommended that the Secretary of Defense should secure further governmental approval as necessary before these instructions were sent to Radford. Does this mean, since I gather that State and JCS now agree on the text of instructions, that any other approval should be secured that could only mean Presidential approval, and I personally don't think that is necessary.

Mr. Allison: There is one point I would like to be clear on before we finally approve the instructions. Is it clear that Radford should work this out with the Embassy before talking about it with the Nationalists.

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[2] The draft message, undated, is in CA files, lot 59 D 228, 306.11x file; it is similar in substance to JCS telegram 935784, Document 91, except that it did not include paragraph 4 of the latter.

[3] The reference is to a memorandum of Apr. 1 from the Joint Chiefs of Staff to the Secretary of Defense enclosing the proposed directive to CINCPAC. A memorandum of Apr. 4, from Acting Secretary of Defense Roger M. Kyes to the Joint Chiefs of Staff stated that the proposed directive and the supplementary message to CINCPAC had been approved by the Secretary of Defense and brought to the attention of the President, who had indicated no objection. (JCS records, CCS 381 (1-24-42), Sec. 39)

General Collins: We can cover that explicitly by shifting your new paragraph to be paragraph 4 and amending the old paragraph 4 to make it specifically cover collaboration with the Ambassador in obtaining the Chinese commitment. It could read "you are authorized to obtain the Chinese Nationalist commitment required in paragraph 4 provided that such arrangements are made in conjunction with Chief of the U.S. Embassy".

Admiral Fechteler: Can we now release these orders and the supplementary message with the changes we agreed on?

Mr. Allison: Yes, I think we can.

[Here follows discussion concerning Indochina and general policy toward Southeast Asia.]

No. 90

FE files, lot 55 D 388, "Formosa Book": Telegram

The Joint Chiefs of Staff to the Commander in Chief, Pacific (Radford)

TOP SECRET
PRIORITY

WASHINGTON, 6 April 1953—10:10 a.m.

JCS 935782. From JCS.

1. This dir supersedes dir contained in para 6 of JCS 92666, Jan 52. [1] Ur responsibilites with respect to Formosa and Pescadores will be as set forth below:

2. Mission: In addn to missions outlined in Unified Cmd Plan, you will, in coordination with Armed Forces of Nat Govt of Republic of China (NGRC) defend Formosa and Pescadores against invasion or attack.

3. Opnal Instructions:

a. You are authorized to:

(1) Conduct aerial reconnaissance of coastal areas of China.

(2) Base on Formosa, United States patrol and reconnaissance aircraft and establish thereon nec communications, maintenance and supply facilities essential to meet opnal requirements these aircraft.

(3) Use anchorages in Formosa and Pescadores.

(4) Prepare base combat aircraft to extent three or more jet [squad]rons on Formosa and Pescadores; such preparations will include establishment now of communications, maintenance and supply facilities including prestockage, essential to meet opnal requirements these aircraft.

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[1] See footnote 2, Document 79.

(5) Station on Formosa and Pescadores United States security psnl required to maintain only internal security of bases authorized herein.

(6) Coordinate with NGRC plans prepared in connection with para 2 and subpara 4b this msg. In coordinating plans for offensive use of ChiNat forces prepared in connection subpara 4b, no commitments shld be made to NGRC.

(7) Conduct informal discussions with NGRC on subj of cmd relationships with view obtaining at least tacit agreement to United States cmd of combined forces in an emergency.

(8) Conduct combined tng with NGRC forces.

b. Restrictions.

(1) Except as authorized by subpara 3a (5) above, United States Air and Naval forces only may be employed in accomplishment this mission.

(2) Combat aircraft, other than patrol and reconnaissance aircraft, will not be based on Formosa or Pescadores without prior authy of JCS, unless in ur judgment delay occasioned by requesting JCS authy would jeopardize successful accomplishment ur mission. In such case, action being taken will be reported immedly to JCS.

(3) In event air or sea attacks against United States forces such forces will take immed and aggressive measures in self-defense but retaliatory action against targets on Chi mainland will be taken only with approval of JCS. Fact[s] concerning such attack and CINCPAC's recommended retaliatory action, if any, will be reported by CINCPAC to JCS.

(4) United States forces will participate in def other ChiNat-held islands only in event Formosa or Pescadores are also attacked.

c. General Instructions:

(1) Northern limits of coastal areas of China to be reconnoitered by CINCPAC will be as agreed upon by CINCPAC and CINCFE.

(2) NGRC may be informed of ur preparations to base combat aircraft on Formosa or Pescadores and circumstances under which such action may be taken; however, you will avoid a firm commitment re this.

(3) In implementation instructions herein, Chi Nat facilities and psnl will be utilized to max.

4. CINCPAC plng responsibilities: You will expedite development of plans for folg course of action:

a. Mil action against selected targets held by Commie China outside Korea (plng to be in coordination with CINCFE and where appropriate CGSAC).

b. Participation defensively or offensively of ChiNat forces and nec opnal assistance to make them effective.

c. Max support to CINCFE during withdrawal from Korea shld such action be required.

5. In conjunction with above ur directive in JCS 92847, Jun 51, [2] to develop plans for imposing blockade of China Coast remains in effect.

6. Instructions re implementation of appropriate portions this dir are being fwdd by separate msg. [3]

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[2] JCS telegram 92847 to CINCPAC, June 1, 1951, directed CINCPAC to develop contingency plans for a naval blockade of the China coast. (793.00/6-151)

[3] *Infra.*

No. 91

FE files, lot 55 D 388, "Formosa Book": Telegram

The Joint Chiefs of Staff to the Commander in Chief, Pacific (Radford)

TOP SECRET
PRIORITY

WASHINGTON, 6 April 1953—11:40 a.m.

JCS 935784. From JCS.

1. Re JCS 930324 [1] rescinding that portion of ur dir requiring you to insure that Formosa and Pescadores will not be used as bases of opns against Chi mainland by ChiNats.

2. JCS 935782 [2] contains new dir that supersedes the one contained in para 6 of JCS 92666, Jan 52.

3. Except as indicated in JCS 935782, JCS do not contemplate basing addnal United States forces on Formosa or committing thereto antiaircraft or communications equipment now in short supply. Antiaircraft and communications functions nec for def Formosa shld be performed to max extent practicable by ChiNats. Adequate machinery currently exists for providing them such equipment as is available for this purpose. High priority has been assigned to provision of currently programmed antiaircraft and air control and warning equipment.

4. In coordinating plans with Chi Govt for offensive use of ChiNat Forces, commitment must be secured that these forces will not engage in offensive opns considered by United States to be inimical to best interests of United States. In particular you shld make clear that United States is undertaking no commitment to counter Commie mil actions which are consequence of ChiNat offensive opns undertaken without prior concurrence of United States authorities.

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[1] See footnote 3, Document 79.

[2] *Supra.*

5. JCS envisage that arrangements for basing aircraft and prestocking supplies on Formosa will be made informally by CINCPAC, in conjunction with Chief United States Dipl Mission on Formosa, rather than by formal base rights bilateral treaty. You are authorized to discuss arrangements prerequisite to basing aircraft on Formosa with NGRC and to obtain commitment from ChiNats required by para 4 above, provided that such arrangements are made in conjunction with Chief of the Dipl Mission. It is further intended that existing ChiNat facilities will be used to max extent possible and that United States will not finance any major base construction.

No. 92

S/S–NSC files, lot 63 D 351, NSC 148 Series

Study Prepared by the Staff of the National Security Council [1]

TOP SECRET WASHINGTON, April 6, 1953.

BASIC U.S. OBJECTIVE TOWARD COMMUNIST CHINA

1. The central problem facing the United States in the Far East is the threat to U.S. and Free World security resulting from the establishment of control over China by an aggressive and dynamic Communist regime closely aligned with an supported by the Soviet Union. A basic objective of U.S. policy in the Far East, therefore, must be to bring about changes in China which will eliminate the threat from that country to Free World security.

2. Achievement of this objective, however, would not satisfy U.S. long-range aspirations with respect to China. As an ultimate objective the U.S. must seek the development in China of an independent, stable, self-sustaining, non-Communist Government, which is friendly to the United States and acts in accordance with the purposes and principles of the U.N. Charter. Attainment of this objective is subordinate, however, to the solution of the immediate problem of the threat from Communist China.

3. It is highly improbable that a satisfactory solution of this problem can be obtained so long as the regime controlling China is

[1] This NSC staff study was an annex to NSC 148, "United States Policies in the Far East," Apr. 6, 1953, a draft statement of policy prepared by the NSC Planning Board and submitted for the Council's consideration. A covering note of the same date by NSC Executive Secretary Lay, enclosed with NSC 148, stated that the staff study was included for the Council's information. For text of NSC 148, parts of which deal specifically with China, and related documentation, see vol. XII, Part 1, pp. 285 ff.

closely aligned with the Soviet Union. Thus the most effective means of resolving the problem is through the disruption of this alignment and the detachment of China from the Soviet orbit.

4. There are two ways in which detachment of China from the Soviet orbit could occur: (a) by defection of the Peiping regime from Moscow, and (b) by the overthrow of the Peiping regime and its replacement by a Chinese Government hostile to Moscow. Present U.S. policy towards China has been in theory at least, to encourage both of these possibilities simultaneously. There is in this policy an inherent dilemma; obviously (a) and (b) cannot both occur at the same time. Thus it may be argued that the two courses are mutually exclusive and can not be pursued simultaneously. A choice must be made now, according to this argument, as to which course the U.S. will foster and the other must be abandoned.

5. The argument for selecting course (a) and abandoning course (b) may be summed up as follows: Tito [2] demonstrated the possibility of successful defection by foreign Communist leaders from the Kremlin: the Chinese Communist dictator Mao resembles Tito in that he acquired power largely on his own and his country has never been occupied by Soviet troops so that he retains the capability of independent action; conflicts of national interest between China and Russia will eventually lead to a break between Peiping and Moscow; on the other hand, to accept course (b) is tantamount to declaring war on Communist China; there is no likelihood within the foreseeable future of the Peiping regime being overthrown without direct U.S. intervention and even then it is problematical as the Soviet Union would undoubtedly come to Peiping's aid; couse (b) is inconsistent with U.S. declarations that it has no aggressive intent.

6. The argument for selecting course (b) now and abandoning course (a) may be summed up as follows: The Peiping leaders are died-in-the-wool Communists who have deliberately chosen the side of the Kremlin and there is no indication that they have any desire to change their orientation, while it is at least doubtful that they could change if they wanted to; to abandon course (b) would be to abandon the Chinese Nationalists and others fighting the Chinese Communists, which would result in seriously weakening the current Free World effort to stem Communist aggression; so long as Chinese Communist aggression persists the U.S. cannot afford to overlook any means of exerting pressure against them; on the other hand, to try to pursue course (a) while continuing to support the Chinese National Government, for example, makes (a)'s accom-

[2] Josip Broz Tito, President of Yugoslavia.

plishment impossible; retaining (a) as a course hampers and limits the effective implementation of course (b).

7. There are strong arguments, however, against a decision now to commit the U.S. exclusively to either course (a) or (b). There is good reason to believe that at this stage of development these courses are not mutually exclusive. A policy of increasing pressure on Communist China short of outright U.S. intervention in China promotes both courses; it does not render the eventual detachment of China from the Soviet orbit impossible by way of either course. Thus the dilemma at this stage is only a potential dilemma, and while it may well have to be resolved one way or the other in the long run, it is neither possible to make a wise resolution of it now, nor necessary to do so.

8. It is only a potential dilemma for several reasons:

(1) The stage has not been reached yet, nor, according to the intelligence estimates of this Government, will that stage be reached in the near future wherein the Peiping regime is desirous of altering its pro-Soviet, anti-U.S. orientation, which it deliberately chose months before the outbreak of the Korean war, at a time when the National Government appeared to be on the verge of final extinction and the U.S. had adopted an attitude of wait-and-see with respect to China. In other words, the question of providing an "avenue of escape" from the Soviet relationship is academic when there is no evidence that the Peiping regime is looking for one, and especially when its provision would severely handicap, if not nullify, the accomplishment of other important U.S. objectives.

(2) The U.S. objective of altering the *status quo* in China in a manner satisfactory to the U.S. is only partially dependent upon U.S. and Free World actions. Soviet dealings with the Chinese Communist regime may in the end prove more decisive in determining whether a change in the *status quo* occurs in China. Within the framework of Free World capabilities to affect the situation, short of direct attack on the mainland, it seems essential that U.S. actions be directed toward demonstrating to the Chinese that the pro-Soviet posture of the Peiping regime does not pay off but in fact causes them increasing hardships and sacrifices. Courses of action directed to this end are inconsistent with the provision of an avenue of escape; they are rather directed toward the achievement of a situation which will stimulate a desire for an avenue of escape. When such a situation is brought about, courses of action with respect to China may be reexamined.

(3) But such a situation may never be brought about; the Peiping regime may well stick to the Soviets regarding [*regardless*?] of how badly things go. In such a case nothing less than complete obliteration of the regime would satisfy U.S. objectives. Moreover, it is conceivable that a Chinese Communist regime detached from the Soviets would continue to pose a security threat to the U.S. Having broken with the Soviets it could pose as a purely Asian power and as such might attract far more Asian support than it does now. In short, the circumstances which will cause the Peiping regime to

seek "escape" from its Soviet relationship do not exist now, nor can it be accurately forecast when or how they will come about, or what the implications will be for the solution of the China problem. For these reasons it is impractical to determine now on courses of action to meet this eventuality.

(4) The problem posed by U.S. support of the Chinese National Government whose objectives go beyond those of the U.S. with respect to China is also largely academic at this stage, and will remain so (a) until the *status quo* on the mainland is altered in such a way as to provide the Chinese Government with an opportunity of re-establishing itself on the mainland, or (b) changes take place in the Peiping regime of such magnitude that it is no longer a threat to U.S. security interests. These circumstances do not exist now nor will they within the foreseeable future; and when they do come into being they may occur in one of several possible forms, which should be handled in different ways. Meanwhile the U.S. shares with the Nationalists a common purpose of altering the *status quo* on the mainland through the exertion of pressure. The achievement of this purpose is advanced by political, military and economic support of the Nationalists and is not significantly hindered by failure to commit the U.S. to the Chinese Nationalists' ultimate objectives on the mainland.

9. Another factor which underlies the belief that the U.S. must immediately resolve the apparent dilemma in its policy towards China may be an over-emphasis on the importance of its policy with respect to the Chinese National Government as a solution of the China problem as a whole. The advocates of an immediate resolution of the dilemma, whether they favor courses (a) or (b), assume that U.S. policy toward Formosa has a decisive bearing on the problem of Communist China. It is important to bear in mind, however, that our policies elsewhere in the Far East are also directed to this problem and may in the long run prove more decisive in its solution than our policies with respect to the Chinese Nationalists. For example, it is probable that the Peiping regime is considerably more concerned with the potential threat to its power of a resurgent Japan than with the possible danger to it of a fully armed Formosa. Thus our policy towards Japan may well be more important in determining Chinese Communist courses of action and even in influencing their estimates of U.S. intentions towards them than our policies toward Formosa. The disparity in military potential between the Chinese Communist regime and the Chinese Government is so great that it is safe to assume that as long as the former remains intact and maintains its hold on the mainland (and there is no evidence that it will not do so in the foreseeable future) it will never view the Chinese National Government of itself as a serious military threat. It constitutes a threat to Peiping (other than of a local nature) only in so far as it is an adjunct of U.S. power in the Far East. As U.S. power in the Far East also manifests itself in our

policies towards the ROK, Japan, and Vietnam, there may be reason to doubt that the Peiping regime measures U.S. intentions or estimates U.S. courses of action toward it primarily by U.S. policy towards Formosa, or that what the U.S. does on Formosa is decisive in determining Chinese Communist attitudes or its courses of action with respect to the U.S.

10. Perhaps the most important reason for the futility of attempting now to resolve the potential dilemma of our China policy, however, is the strong possibility that before either (a) or (b) could occur the Peiping regime would abandon, at least temporarily, its aggressive tactics. Such a development would probably postpone even further the detachment of China from the Soviet orbit by means of either (a) or (b).

11. A shift in Communist tactics of this kind would logically begin with the acceptance of UN armistice terms in Korea, the conclusion of an armistice and exchange of prisoners. This might be followed by such moves as agreeing to a diplomatic exchange with the British and other Western governments which have recognized Communist China but have not secured its recognition, renewed efforts to gain a seat in the UN, and serious attempts to revive trade with Free World countries, particularly those which could supply capital equipment. By such tactics the Peiping regime would hope to obtain a breathing spell in which it could concentrate on industrialization and further build-up of its armed forces. In the meantime, it might hope to sow discord among the Western nations and increase its influence over neutral Asian nations at the expense of the U.S. Such a shift in tactics, however, would not cause the Peiping regime to abandon its Communist ideology, to give up its ruthless police state rule over China, nor to alter its close alignment with Moscow. It would not mean the abandonment of the regime's long-range objective in the Far East, i.e., the elimination of Western power and influence from the area and extension of its own.

12. A development of this nature would mitigate the current threat to security in the Far East by ending the shooting war in Korea. Thus it would be welcomed. It would not achieve our basic objective in the Far East, however, as Communist China would continue to pose a serious potential threat to Free World security in the area. Yet the means by which the U.S. could bring direct pressure to bear against the Peiping regime would be substantially curtailed following the cessation of open hostilities with the Chinese Communists. For this reason U.S. capabilities of promoting the detachment of China from the Soviet orbit would be reduced. In these circumstances, present courses of action with respect to China would have to be re-examined.

No. 93

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 139th Meeting of the National Security Council, Washington, April 8, 1953 [1]

[Extracts]

TOP SECRET EYES ONLY

Present at the 139th meeting of the Council were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; and the Director for Mutual Security. Also present were the Secretary of the Treasury; the Attorney General (for Item 1); the Secretary of the Interior (for Item 1); the Director, Bureau of the Budget; the Acting Director of Defense Mobilization; the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; the Special Assistant to the President for National Security Affairs; the Special Assistant to the President for Cold War Planning; the Military Liaison Officer; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a general account of the main positions taken and the chief points made at this meeting.

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5. *United States Objectives and Courses of Action With Respect to Formosa and the National Government of China* (NSC 146 and Annex to NSC 146; [2] Memos for NSC from Executive Secretary, same subject, dated April 6 and 7, 1953; [3] SE-29; NIE 27/1 [4]

[Here follows discussion of agenda item 3. "United States Policies in the Far East", 4. "Analysis of Possible Courses of Action in Korea", and 6. "United States Objectives and Courses of Action With Respect to Japan", discussed as a group along with this item. For the first portion of the discussion, which concerned Japan, particularly the question of possible Japanese trade with the People's Republic of China, see Document 642. During further discussion

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[1] Prepared by the Deputy Executive Secretary of the NSC, S. Everett Gleason on Apr. 16.

[2] Regarding NSC 146, see footnote 6, Document 86. The Annex, an NSC staff study dated Mar. 30, is filed with NSC 146; the staff study portion of NSC 146/2, Document 150, is a revised version.

[3] For Lay's Apr. 6 memorandum, see footnote 8, Document 86; his Apr. 7 memorandum transmitted a memorandum from the Joint Chiefs of Staff proposing a minor amendment to NSC 146. (S/S–NSC files, lot 63 D 351, NSC 146 Series)

[4] Regarding SE-29, see Document 32; for partial text of NIE-27/1, see Document 13.

the Council decided to postpone action on all the papers under consideration; for this portion of the discussion, see volume XII, Part 1, page 298.]

Secretary Dulles then said he had one particular point on Formosa which he wanted an opportunity to discuss. He noted that the United States had just delivered a certain number of jet bombers to the Chinese Nationalist Government, and he emphasized the danger that the Chinese Nationalists might make use of these planes to undertake offensive action against the Chinese mainland, which might well not be in accordance with our conception of our own best interests. It was therefore necessary to secure very quickly a commitment from Chiang Kai-shek that he would not use these aircraft recklessly and in a fashion to embarrass United States policy. Until this commitment had been obtained, Secretary Dulles recommended that the United States stop delivery of any more aircraft to the Chinese Nationalist Government.

General Bradley explained that the Joint Chiefs were cognizant of the situation and that they had already instructed Admiral Radford to secure from the Chinese Nationalist Government the desired commitment. He also noted that General Vandenberg had taken steps to stop delivery of all planes except the twenty which were en route.

Mr. Cutler also noted that the Planning Board report on Formosa made reference to the problem which concerned Secretary Dulles. [5]

Mr. Stassen noted that the planes had been shipped to Formosa in accordance with a State Department policy of rendering military assistance to the Chinese Nationalist forces.

Secretary Dulles agreed that this was accurate, but said that the State Department policy in question had been the work of the previous Administration.

The President said that this seemed to him beside the point. The real trouble and danger that Chiang Kai-shek might go on the warpath had actually arisen only when the present Administration had taken the wraps off the Seventh Fleet.

Mr. Cutler then inquired as to whether the Council desired to take positive action to stop delivery of further aircraft in the absence of the desired commitment from Chiang Kai-shek. The President answered in the affirmative.

General Bradley pointed out that we should know very soon from Ambassador Rankin what he would be able to obtain by way of commitment, and the President stated that Admiral Radford was to hold up deliveries until the desired commitment had been ob-

[5] See footnote 8, Document 86.

tained. Indeed, said the President, this was the first time he had known or that the Council had been informed that the Generalissimo was not already under a commitment to play ball with the United States. Admiral Radford, he said, was a smart fellow, and all that was necessary was to tell him just what we wanted.

[Here follows discussion concerning the Korean war (for text, see volume XV, Part 1, page 892) and a list of actions on agenda items 3 and 4.]

Action on Item 5:

The National Security Council: [6]

a. *Agreed that:*

(1) The U.S. Commander-in-Chief of the Pacific should be instructed to expedite obtaining a commitment from the Chinese Nationalist Government that the Chinese Nationalist forces will not engage in offensive operations considered by the United States to be inimical to the best interests of the United States.

(2) Pending such a commitment, further shipments to the Chinese Nationalist Government of jet planes from the United States should be stopped and the transfer to the Chinese Nationalist Government of jet planes already shipped should be delayed.

b. Deferred further action on the reference report on the subject (NSC 146) pending further study.

Note: The action in a above subsequently transmitted to the Secretary of Defense for appropriate implementation.

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S. EVERETT GLEASON

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[6] The lettered subparagraphs constitute NSC Action No. 760. (S/S–NSC (Miscellaneous) files, lot 65 D 95, "Record of Actions by the National Security Council, 1953")

No. 94

CA files, lot 59 D 228, 410 file

The Ambassador in the Republic of China (Rankin) to the Director of the Office of Chinese Affairs (McConaughy)

TOP SECRET EYES ONLY TAIPEI, April 10, 1953.

DEAR WALTER: I have been disturbed by the tone of various telegrams from the Department during recent weeks. Hence this letter, which I wish you would discuss with Assistant Secretary Robertson. You may let him read it, but I should prefer not to have it circulate further in the Department.

The matter has been pointed up, of course, by the numerous exchanges regarding Chinese forces in Burma. [1] We have tried to be dispassionate in our handling of this case, carrying out instructions as literally and fully as possible and passing along to the Department such incidental information as came to us but with no assumption of responsibility for its accuracy. In fact, as you will have noted, my fear has been that in general the reports available to the Department on this subject were not sufficiently reliable or comprehensive to provide a basis for action. Be that as it may, the wording of some of the Department's telegrams to us leads me to believe that they were drafted by persons probably uninformed as to the background of this case and in certain instances apparently lacking in objectivity as regards the Chinese National Government. (I exclude the possibility of a deliberate attempt to deceive me, although there is precedent for such a course in the Burma matter.)

I realize that our policy toward China and other countries is undergoing careful revision at the present time, and I have no wish to hurry these proceedings. Without committing ourselves in other respects, however, there are two points on which early decisions seem necessary.

The first point relates to the attitude which the United States Government proposes to assume toward the Government of the Republic of China. Is our approach to be characterized by evident dislike and distrust of the Chinese National regime? Are we to emphasize its faults and to pounce avidly upon every critical report in the hope of finding some reason to administer a scolding? Are we to proceed on the assumption that this Government is not to be trusted, either as regards its operations in general or as a repository for confidences touching upon matters of mutual interest? In general, are we to extend "small nation treatment", characterized by a patronizing and superior attitude of distaste? (I have deliberately exaggerated the wording of these questions in some degree in order to make my point.)

Or, on the other hand, should we treat Free China as we do our more favored friends among the free nations? Should we return friendship for evidences of friendship unless and until the latter prove false? Should we trust the Chinese with information and responsibility to the extent that they may prove themselves no less worthy of such trust than others? While not ignoring their faults, should we work with the Chinese on the basis of their relative cooperativeness, reliability and effectiveness in building strength to oppose Communism?

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[1] For documentation concerning this subject, see volume XII, Part 2.

Without going into particulars, which would only becloud the issue, you will know which recent telegrams and past experiences have prompted me to write the two foregoing paragraphs. Such questions should be answered as quickly as possible, both as a basis for policy development and as a guide to our practical day-to-day relations here in Formosa. If American policy is to be based upon sufferance rather than cooperation, then our huge military aid program and plans for military cooperation with the Chinese should be reconsidered and probably curtailed drastically.

The second consideration is dependent indirectly upon the first. It is the very practical matter of the amount of economic aid needed during the next fiscal year. Our military program for Formosa may well be the largest anywhere in proportion to the economic resources of the country involved. The greater part of our so-called economic aid actually serves to support the military program, and is already inadequate to do so properly. While we are seeking places to trim our expenditures for aid, therefore, it should be borne in mind that if the present military program for Formosa is to be carried out effectively, even with no thought of expansion, we must have a modest increase in economic assistance over the present level. The common method of applying an across-the-board slash in economic aid programs might well be ruinous here unless our military program is to be cut by a far greater percentage.

[Here follows a paragraph proposing an informal meeting in Bangkok between Rankin and the United States Ambassadors to Burma and Thailand.]

Kindest personal regards,

Sincerely yours,

KARL

No. 95

State–JCS Meetings, lot 61 D 417

Memorandum of the Substance of Discussion at a Department of State–Joint Chiefs of Staff Meeting, Held at the Pentagon, April 10, 1953, 11 a.m. [1]

TOP SECRET

[Here follows a list of 15 persons present, including Generals Collins and Vandenberg and Admiral Fechteler. The Department of State Delegation was headed by Matthews; Gleason represented the NSC Staff.

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[1] A note on the title page reads: "Draft. Not cleared with any of participants."

[The meeting opened with discussion pertaining to the United Kingdom.]

F-84's for Formosa

General Vandenberg: We would like to discuss the question of sending the F-84's to Formosa. We have a new message from Radford.

Mr. Matthews: I don't think we have seen that message yet.

Admiral Fechteler: Radford's message is in answer to a despatch I sent him. [2] After the question was discussed at an NSC Meeting, I sent out a message saying that concern had been expressed that the Chinese Nationalists might use the F-84's against the mainland and that we might be involved in any retaliation which the Communists might make against such use. That, therefore, it would be advisable to slow down delivery of F-84's to the Chinese Nationalists until such time as the commitment was secured from them not to undertake offensive action without prior U.S. concurrence. Radford has replied that it is difficult for him to understand the concern of State and Defense over Chinese Nationalist possible offensive moves. He says that the Chinese Nationalists have no planes now and that at the presently planned rate of delivery there will be no operational squadron for three months. He says that he has an informal understanding with the Chinese Nationalist military commanders that there will be no change in the pace or scope of present Chinese Nationalist offensive operations without prior discussion with him through MAAG. Radford urges that there be no slowdown now in delivery of planes for Formosa.

General Vandenberg: In general we think that Radford should be allowed to go ahead with delivery of the planes. It would be good for Chinese Nationalist morale and the possibilities of offensive operations are so slight that we don't think it will be dangerous to go ahead with the present plans. The present program calls for a total of 77 F-84's to be delivered to Formosa. Of those, 10 are now in Japan and ready to go. 34 are here in the United States and are ready for transportation. We had originally planned to send them out on a carrier but the carrier that was going to undertake their transportation is presently in drydock and we have no immediate means of delivery of those planes. We do have plans for all 77 of the F-84's to be delivered to Formosa by September. At present the Chinese Nationalists have 10 pilots who are competent to fly the F-84's. It is planned that these pilots would be used as instructors

[2] Reference is to telegram 082146Z from CNO to CINCPAC, Apr. 8, and telegram 100315Z from CINCPAC to CNO, Apr. 10. (JCS records, CCS 381 Formosa (11-8-48) Sec. 10 and CCS 381 (1-24-42) Sec. 39)

to train other pilots and that by September there would be approximately 30 pilots trained in flying these jets.

General Collins: If three months from now—which is about the earliest that the Chinese Nationalists would be ready to make any offensive out of the F-84's—the armistice negotiations were still dragging on or had broken off, we might well be in a position of wanting the Chinese Nationalists to have an offensive air capability.

Mr. Nitze: The problem really isn't so much one of slowing down the delivery of aircraft as it is one of how soon we can get formal agreement from the Nationalist Government not to undertake offensive actions without our prior concurrence.

Admiral Fechteler: Radford is now planning two trips there [?] and it is my impression that he was planning to go to Formosa on the second trip. I can tell him that he should go there first in order to get the formal agreement.

General Vandenberg: So far I have done nothing about stopping the planes that are in Japan from being flown to Formosa.

Mr. Matthews: When are they due to go under present plans?

General Vandenberg: The present schedule calls for them to be flown down about the twenty-first of April.

Mr. Johnson: [3] The President and our Secretary were categorical that the F-84's shouldn't be delivered until a commitment had been secured.

Mr. Nitze: I think you should send out instructions that the planes are to be held in Japan until notification is received that a firm commitment has been secured.

General Vandenberg: In that case I would tell the Far Eastern Air Force to get the planes ready for shipment but not to move them until they have word from me that we have heard from you that a firm commitment has been secured.

[Here follows discussion pertaining to the Korean war.]

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[3] U. Alexis Johnson.

No. 96

794A.5/4-1353: Telegram

The Acting Secretary of State to the Embassy in the Republic of China [1]

TOP SECRET WASHINGTON, April 13, 1953—6:39 p.m.

827. For Ambassador. Ref Deptel 795. [2] You and CINCPAC are assigned joint responsibility obtain at early date required commitment from Chinese Government not to engage in offensive operations considered by US be inimical its best interests. Approach contemplated through appropriate channels to Generalissimo. CINCPAC will concert his efforts with yours. Mode presentation request Chi Govt left your joint discretion. Radford's belief formal commitment can readily be obtained in view informal understanding along this line which he states already in existence.

First consignment 10 F-84s originally scheduled arrive Formosa from Japan late April, delivery now will be delayed until necessary Chinese commitment obtained. Decision made basis para 13 policy paper on Formosa now before NSC, [3] substance of which quote[d] penultimate para reftel (coordinated planning offensive use Chi forces).

Separate message follows re informal agreement to be sought covering US base and anchorage facilities on Formosa. [4]

Defense understands Radford probably visit Formosa this month or next.

SMITH

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[1] Repeated to CINCPAC in Honolulu.

[2] Telegram 795 to Taipei, Apr. 8, summarized the instructions sent to CINCPAC in JCS telegrams 935782 and 935784, Documents 90 and 91.

[3] See footnote 8, Document 86.

[4] Telegram 854 to Taipei, Apr. 21, instructed the Embassy to obtain an agreement through an exchange of notes providing for the basing of U.S. aircraft on Formosa. (794A.5/4-2153) No notes were exchanged, but an informal understanding in principle regarding U.S. use of Chinese air bases was reached in discussions of May 25–31 between representatives of CINCPAC and the Chinese Ministry of National Defense; it was reported in despatch 660 from Taipei, Document 112. No action was taken concerning anchorages when it was learned that the Navy had been using anchorages in Formosa and the Pescadores since 1950 with the concurrence of the Chinese Government. (Memorandum by Harrison M. Holland of the Office of Chinese Affairs, Apr. 21; 611.93/4-2153)

No. 97

795.00/4-2253

The President of the Republic of China (Chiang Kai-shek) to President Eisenhower [1]

TAIPEI, April 15, 1953.

MY DEAR PRESIDENT EISENHOWER: The Soviet peace offensive, which I am sure is being carefully studied and weighed by your good self and your colleagues as it is by me, is, in my opinion chiefly directed towards what the Kremlin fears to be a gradual crystallization of an integrated anti-Communist policy which you have given indication of pursuing. In other words, the support which you have had since your inauguration both at home and abroad has been the cause of this peace offensive. I do not believe that the Kremlin would be so naive as to presume that you could be brought to accept the view that Malenkov [2] is beginning to initiate a democratization program for the Soviet peoples, or that Malenkov is prepared to call off the Communist program of world conquest.

I believe that the peace offensive was launched (1) to gain time for the consolidation of power on the part of the new Soviet hierarchy at home and for exerting tighter control over the satellites abroad; (2) to bring still greater disunity into the United Nations, particularly between the United States and the United Kingdom, so that the Soviet Union might maneuver itself into an advantageous position to collect the fruits of aggression for the Chinese and Korean Communists by achieving political gains at the United Nations; (3) to create difficulties for your administration vis-à-vis Congress when your Federal budget comes up for examination; (4) to allow the return of American war prisoners to their homes to create a popular demand for the withdrawal of your troops from Korea in order to pave the way for such a demand to be presented again at the United Nations.

I have no doubt that with your experience and wisdom, you are fully equal to the new situation which has presented itself. I am certain that you will not be prevailed upon in any circumstances to relax your effort in achieving greater unity among the anti-Communist peoples, but that you will continue to strengthen and integrate their forces into a united front. The present overtures from

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[1] Sent to President Eisenhower through Chinese Ambassador V.K. Wellington Koo.

[2] Georgiy Maksimilianovich Malenkov had become Chairman of the U.S.S.R. Council of Ministers after Stalin's death in March 1953.

Soviet Russia, be they of an offensive or defensive character, must not be allowed to neutralize what you have already achieved or to forestall what you have set out to achieve. In this, I would like to pledge my fullest cooperation. It is necessary at this crucial moment for all of us who would not wish to see the future generations subjected to Communist tyranny to be steadfast and united in the pursuance of our common purpose.

You have seen how the protracted truce talks at Panmunjom have created disunity at the United Nations, how, during these talks, Communist acts of infiltration have been allowed to gain ground in Asia and in the Americas, how your own boys on the Korean front have been demoralized and driven into a sense of exasperation, how the Communists have made use of the stalemate to dig in behind their lines and, most of all, how the heightened expectancy for a truce resulting from this long indecisive period has caused a great many people to view the truce in Korea as the sole objective and to lose sight of the fundamental issues of the Korean question. In short, the Panmunjom stalemate has worked to the advantage of the Communists in that they have wrested the initiative from the Western Powers. It is my view, therefore, that while the peace offensive has to be accepted at its face value, a time limit must be set for achieving a truce in the field and for a political settlement of the Korean question in accordance with the objectives already set forth by the United Nations and to the reasonable satisfaction of the free Korean people. Without a time limit, I am afraid the present peace offensive would only serve to further strengthen the initiative which Soviet Russia has already taken into its own hands.

I am moved to communicate to you in this personal manner because I see the beginning of the success of your policy and the effects which such success has on the Soviet policy-makers. I also see how the present peace offensive can neutralize what measure of success which you have already achieved and the unfortunate aftermath of such an eventuality.

It is imperative, I feel, for us to seek ways and means by which we can gradually take away the political and military initiative from the Communist world. You have already achieved something. I look to you to pursue your policy to its fruitful conclusion.

I trust that this communication will find you in good health. My wife joins me in conveying to you and Mrs. Eisenhower our warmest personal regards and highest esteem.

Sincerely yours,

CHIANG KAI-SHEK

No. 98

794A.5/4-1653: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

TOP SECRET PRIORITY TAIPEI, April 16, 1953—11 a.m.

1094. Department pass CINCPAC. Re Department's telegrams 795 April 8 [1] and 827, April 13. I have informed President Chiang and Foreign Minister that US seeks "formal undertaking from Chinese Government not to engage in offensive military operations which US considers inimical to its best interests." In line with President Chiang's assurance to me February 1 (my telegram 784) [2] in response to request made on my own responsibility I have been again assured of Chinese Government's full commitment in principle.

Before replying formally Foreign Minister urgently requests clarification re practical methods of determining what operations US would consider inimical to its best interests. He assures me Chinese Government would under no circumstances initiate operations which it considered might harm US interests whether political or military, national or international. However, US and Chinese estimate of situation might not coincide in every case and question is complicated by nature of guerrilla operations from off-shore islands which in past sometimes involved use of regular Chinese forces.

Foreign Minister asks for specific examples of operations US would consider "inimical."

President Chiang specifically raised question of handling guerrilla operations which by their nature are often undertaken on responsibility of local commanders without reference to Chinese Chief of Staff in Taipei. He thought not feasible to obtain advance approval for every such operation through General Chase from CINCPAC.

Responding to earlier questions from Chinese Chief of Staff, General Chase tentatively suggested advance US concurrence might be desirable for an operation involving 500 or more men or a raid of battalion, regiment, division or larger size. Use of aircraft and armor also suggested as dividing line. But in recent discussions it pointed out that raid of less than 500 men might under certain circumstances be considered inimical by US.

Evident from foregoing that US insistence upon right to pass on all offensive military operations would carry with it assumption of

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[1] See footnote 2, Document 96.

[2] Document 72.

detailed responsibility which largely avoided to date for political and other reasons.

Under above circumstances Chinese Government not told delivery of F-84 aircraft being delayed until commitment obtained. I have no reason doubt their good faith in present instance and their questions appear pertinent. Hope arrival of jet aircraft will not be held up by possible delay in replying to Chinese Government queries.

Should we seek formal commitment in principle with provision for filling in details subsequently?

RANKIN

No. 99

794A.5/4-1653: Telegram

The Secretary of State to the Embassy in the Republic of China [1]

TOP SECRET
PRIORITY

WASHINGTON, April 17, 1953—7:14 p.m.

848. Urtel 1094. [2] For your information regarding obtaining formal Chinese Government commitments that its forces will not engage in offensive operations considered by the US to be inimical to the best interests of the US, immediate concern is that jet aircraft scheduled to be delivered Formosa will not be used against mainland without prior US consent. Department informed Radford already has informal understanding with President Chiang that Chinese Government will not radically alter pattern or tempo its current operations without prior consultation with him through Chief MAAG.

Therefore in replying to questions raised by Foreign Minister you may state that under commitment referred to above the US would expect to be consulted with regard to plans for any operations which would radically alter the pattern or tempo of current operations of the Chinese armed forces, including specifically any offensive use of aircraft.

In seeking such commitment you should if and when you consider it helpful inform Chinese Government that jet aircraft now scheduled early delivery Formosa can not be delivered until com-

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[1] Cleared with Under Secretary Walter Bedell Smith. Repeated to CINCPAC in Honolulu.

[2] *Supra.*

mitment obtained. In order avoid delay present delivery schedule early reply desirable.

DULLES

No. 100

794A.5/4-2153: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State [1]

TOP SECRET PRIORITY TAIPEI, April 21, 1953—2 p.m.

1107. Reference Department telegram 848, April 17. Referring to memorandum I gave him yesterday, Foreign Minister telephoned me this morning that he was preparing formal communication committing Chinese Government not to engage in offensive military operations inimical to best interests of United States of America; this would require United States be consulted in advance regarding Chinese Government plans for any operations which would radically alter pattern or tempo of present operations of their armed forces including specifically any offensive use of aircraft.

Admiral Hedding [2] was in my office when above telephone call came. He, General Chase and I had just discussed matter in detail and we consider Chinese Government commitment adequate to justify release of F–84 planes for immediate shipment. It is clear to Chinese Government, but will be requested today that channel of consultation will be to CINCPAC through Chase. However, I have told Hedding that in principle I expect to be kept currently informed regarding these matters and shall look to Chase to see that this is done; also that I am to be consulted in advance on questions involving policy.

RANKIN

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[1] Repeated for information priority to Manila for Radford.

[2] Rear Adm. Truman J. Hedding, Chief of Staff, Joint Staff of the Commander in Chief, Pacific Fleet.

No. 101

794A.5/4-2353: Telegram

The Chargé in the Republic of China (Jones) to the Department of State [1]

TOP SECRET TAIPEI, April 23, 1953—6 p.m.

1118. Reference Deptel 848, April 17; 863, April 22; [2] Embtel 1107, repeated Manila 100 April 21. Formal communication committing Chinese Government not to engage in offensive military operations inimical best interests of US handed to me today by Foreign Minister. Text of note follows: "As result of discussions with Government of USA, Government of Republic of China agrees in principle that Government of USA will be consulted for any offensive military operations against mainland of China which would radically alter pattern or tempo of operations hitherto undertaken. As to exact implication of words 'pattern or tempo of present operations', Chinese Government has designated General Chow Chih-jou, Chief of General Staff, to enter into further discussion with Major General William C. Chase, Chief of USMAAG in Taipei".

Pursuant to above General Chow Chih-jou is despatching letter to General Chase, one paragraph of which gives further specific assurance re offensive use of aircraft: "I wish also to reassure you that, with exception of employment of MDAP jet aircraft for defense of Taiwan and necessary reconnaissance patrol missions, prior consultation with US authorities will be made on all future offensive operations involving use of US MDAP jet aircraft." [3]

JONES

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[1] Repeated for information to Manila for Radford.

[2] Telegram 863 to Taipei, Apr. 22, stated that, assuming the Chinese Government's formal communication was identical with the Foreign Minister's oral statement reported in telegram 1107 (*supra*), the Department concurred that the commitment was acceptable. The Department also reported, with the Navy's concurrence, that Rankin should be kept informed by CINCPAC concerning matters related to the Chinese commitment and should be consulted in advance on policy questions. (794A.5/4-2153)

[3] Reference is to a letter of Apr. 23 from Chow to Chase, which reads: "With respect to the tempo and pattern of our offensive operations we are willing at the present time not to alter them radically without prior consultation with you as Chief MAAG Taiwan and further consultation by you with higher United States authority." It also noted that at least one raid prior to February 1953 had involved more than 500 men, suggested that "significant offensive operations" be taken to mean operations involving the use of troops of all 3 services, expressed the hope that opportunities for combat experience would be made available to the Chinese Armed Forces, and requested that delivery of U.S. arms and equipment be speeded up. (Taipei Embassy files, lot 62 F 83) Chow's letter replied to a letter from Chase dated Apr. 13, which requested a written commitment that the Chinese Nationalist Armed Forces would neither "engage in any offensive operations which, after con-

Continued

No. 102

Editorial Note

According to a memorandum of discussion at the 141st meeting of the National Security Council on April 28, General Vandenberg stated that the commitment from Chiang Kai-shek had been obtained and that he presumed that he should now release the jet aircraft to the Chinese Nationalist Government. The Council took the following action:

"Noted a report by General Vandenberg for the Chairman, JCS, that, pursuant to the reference action [NSC Action No. 760–a of April 8; see footnote 6, Document 93] a firm commitment has been obtained from the Chinese Nationalist Government that the Chinese Nationalist forces will not engage in offensive operations inimical to U.S. interests, and specifically that operations which radically alter the pattern or tempo of offensive operations will not be initiated without prior consultation with the U.S. Commander in Chief of the Pacific. Accordingly, shipments of jet planes to the Chinese Nationalist Government are proceeding." (Eisenhower Library, Eisenhower papers, Whitman file)

This action constituted NSC Action No. 774. (S/S–NSC (Miscellaneous) files, lot 65 D 95, "Record of Actions by the National Security Council, 1953")

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sultation with me and with higher headquarters, are determined to be inimical to the best interests of the United States," nor "radically alter the tempo or pattern of their offensive operations without prior consultation with me as Chief of MAAG, Formosa, and further consultation by me with higher United States authority." It specified that the "tempo and pattern of offensive operations" referred to that existing "prior to deneutralization of Formosa on or about 3 February 1953." Chase's letter has not been found in Department of State files, but a paragraph is quoted in despatch 646 from Taipei, May 10, 1956. (793.5/5–1056) A letter of June 24, from Chase to Chow stated that he should be informed of any plans for offensive operations involving regular forces, whether or not in conjunction with guerrilla forces, and whether the planned operation was to be mounted from Taiwan, the Pescadores, or the Nationalist-held offshore islands. (Taiwan Embassy files, lot 62 F 83)

No. 103

795.00/4–2253

Memorandum by David G. Nes, Assistant to the Director of the Executive Secretariat, to the Secretary of State

[WASHINGTON,] May 1, 1953.

Subject: Proposed reply to Chiang Kai-shek's letter of April 15 to the President

Discussion

In a letter dated April 15 presented to the President by Ambassador Wellington Koo President Chiang expressed at some length his views regarding the current Soviet "peace offensive" and warned against any relaxation of our efforts. Specifically, he recommended a *time limit* be placed on any resumption of the Armistice negotiations.

FE has prepared a reply for the President's signature agreeing with Chiang's view that this is a tactical maneuver on the part of the Soviet Union and that her long-term objective of World domination remains the same. Assurance is given that we will not relax our vigilance or our search for greater unity and strength in the free world. On the other hand, we must grasp our opportunities presented by the "peace offensive" and give the Soviet Union an opportunity to demonstrate its sincerity. The conclusion of an honorable armistice in Korea is but a first step. We *hope* that Soviet words will be followed by deeds but we must be shown. Until then, we cannot relax our guard.

Recommendation

That you sign the attached memorandum to the President transmitting the proposed reply to Chiang Kai-shek. [1]

D. G. N.

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[1] The memorandum, with the proposed reply to Chiang Kai-shek, was sent to the President on May 4. Eisenhower signed a letter to Chiang, presumably the draft letter, on May 5, but no copy of the signed letter has been found in Department of State files. The letter was pouched to Taipei, and Rankin reported in telegram 1181 from Taipei, May 14, that he had handed it to Chiang that day. (711.11 EI/5–1453)

No. 104

793.5 MSP/5-2653: Telegram

The Chargé in the Republic of China (Jones) to the Department of State

CONFIDENTIAL TAIPEI, May 26, 1953—11 a.m.

1215. For Ambassador Rankin, CA. [1] Foreign Office has submitted following corrections memo handed you by Foreign Minister Yeh May 21. [2] Following is corrected text for pages 2 and 3.

"As to meet[ing] the requirements for the defense of the island. It has also sought to develop the strength of its armed forces in anticipation of their possible strategic employment in times of emergency. More progress along these lines would have been achieved had there been no delay in the delivery of certain allocated military equipment. The current military aid program provides mainly for the equipment and training of ten armies of 20 divisions, one independent division, and one armored brigade consisting of three combined groups, each group being equivalent to one infantry division in strength. Besides, 345 aircraft of various types have been approved in the programs for fiscal year 1951, 1952 and fiscal year 1953. Roughly, up to the end of March 1953 only 40 percent of the army equipment and 25 percent of the aircraft and equipment have been delivered.

"The off-shore islands form an integral part of the defense of Taiwan and the Pescadores. Owing to the confinement of the military aid to the armed forces on Taiwan, the Chinese Government has had no choice but to maintain its armed forces on the off-shore islands as separate units. To strengthen the defense of Taiwan and the Pescadores, it is imperative to have them integrated with the forces on Taiwan into one single fighting unit and given the same training and equipment. It is proposed that the program for the fiscal year 1954 be extended to include the armed forces on the off-shore islands, which consist of one paratroop division, two armies of four divisions and one independent division. It is also proposed that all the above divisions be brought up to T/O and E strength as early as possible. In view of the absence of a pipeline of supply within the operating range, it is recommended that the stock of expendable materials should be maintained at a 120- to 180-day level instead of the 60-day level as maintained by the United States armed forces. The reasons for this proposal are already familiar to General Chase.

"It will be recalled that no naval craft has been included in the United States aid program for China in recent years. It is considered essential to the defense of the island to have an additional number of ships of various types, including 6 DD's and other auxil-

[1] Rankin was in Washington for consultation.

[2] The memorandum, a Chinese proposal for the U.S. aid program for fiscal year 1954, was sent to the Department under cover of despatch 618, May 21, but is not filed with the latter. (794A.5 MSP/5-2153)

iary vessels. The Chinese Air Force is well organized and has every potential—."

Following additional corrections should be made:

[Here follows a list of minor corrections.]

Copies these corrections will be forwarded by pouch May 27. [3]

JONES

[3] They were enclosed with despatch 624 from Taipei, May 26. (794A.5 MSP/5-2153)

No. 105

793.00/5-2753: Telegram

The Chargé in the Republic of China (Jones) to the Department of State

SECRET TAIPEI, May 27, 1953—4 p.m.

1226. Foreign Minister handed me today following summary of conversation which President Chiang had with Ambassador Rankin immediately prior to latter's departure for US and said President would appreciate transmission of his views to Department. I assume Ambassador Rankin has already covered points in discussions in Department.

"1. The President considers it inadvisable let Winston Churchill go to Moscow alone. [1]

2. To combat communism in Asia, necessary to recognize its main strength is Chinese Communist forces now on Chinese mainland. In other words, to eliminate Chinese Commies on mainland is prerequisite to putting permanent stop to expansion of Soviet imperialism in Asia.

3. We in Taiwan prepared to bear brunt of effort by spearheading invasion with our own Ground Forces plus necessary US support. In addition to its standing army Taiwan can raise and train 500,000 combat reserves. This means can have 60 divisions when fully mobilized. Training of reserves, planned three years ago, only started recently owing financial difficulties. If we can get needed economic assistance from US, in two or three years can complete training of such reserves.

4. Time running out. If we allow Chinese Commies to stay on mainland for another three years or more, they will have completed their national defense plans and five year economic plan which are synchronized with Soviet Russia's plans. Vast manpower and natural resources of two countries will by that time have been pooled into single power and will be jointly used. We will then not

[1] For documentation relating to Prime Minister Churchill's proposed visit to Moscow, see volume VI.

be able to dislodge Chinese Commies without becoming involved in war with Soviet Russia."

JONES

No. 106

793.5 MSP/6-153

Memorandum of Conversation, by the Acting Officer in Charge of Economic Affairs, Office of Chinese Affairs (Hope) [1]

TOP SECRET [WASHINGTON,] June 1, 1953.

Subject: Future of Formosan Aid Programs

Participants:

FE—Assistant Secretary Robertson
FE—Ambassador Rankin
FE—Mr. Gay
FE—Mr. Parelman
Defense—Mr. Sullivan
Defense—Col. Anding
MSA—Mr. Paul
MSA—Dr. Hayes
CA—Mr. Martin
CA—Mr. Hope

On the recommendation of CA, Mr. Robertson called a meeting of a small group of officers from FE, Defense, and MSA most directly concerned with the Formosan aid program in order to discuss this program frankly and informally with Ambassador Rankin.

At Mr. Robertson's request, Mr. Martin opened the meeting by noting that we had received from the Chinese Government an estimate of requirements for fiscal 1954 very substantially higher than the aid program presently contemplated. He invited participants to comment on the extent and direction of the Formosa aid program.

Upon request, Mr. Hope outlined a previous discussion which had been held between State and MSA officials which had resulted in interim guidance being sent to the American representatives at

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[1] Robertson's signature, indicating his approval, appears on the source text.

Previously unidentified participants listed below are:

From the Department of State, Bureau of Far Eastern Affairs: Merrill C. Gay, Economic Adviser, and Samuel T. Parelman, Special Assistant for Regional Programs.

From the Department of Defense: Charles Sullivan, Chief, Northeast Asian Section, Office of Foreign Military Affairs, and Col. James G. Anding, Deputy Director of the Office of Military Assistance.

From the Mutual Security Agency: Norman S. Paul, Officer in Charge of Asia, Africa, and Latin American Program Affairs, Office of the Deputy to the Director for Program and Coordination, and Samuel P. Hayes, Jr., Assistant Director for Far East.

Taipei indicating that economic planning and discussion with the Chinese should be guided by the principles of termination of economic aid within a few years, greater emphasis on economic relations with Japan and more private investment; fiscal controls under close mission supervision should be carried on to curb excessive military demands; planning for Chinese military programs should be limited to current levels; and the Chinese should be informed that the U.S. was sincere and determined in its economy effort and that all aid-receiving countries should try to achieve the maximum within close budgetary limitations (see Deptel 951 to Taipei—secret). [2]

There was a general discussion of the possible availability of funds over and beyond the present program assuming future needs dictated by new policy determinations which might be made as a result of the situation in Korea or new military advice from the Joint Chiefs of Staff. Col. Anding indicated that there was some flexibility in Defense appropriations from Title to Title. Dr. Hayes indicated that the MSA legislation allowed something of the same sort. Mr. Parelman indicated that there was less flexibility in transferring funds under MSA legislation since the figures are published and therefore tend to harden in the minds of foreign Governments and the public.

Mr. Martin reviewed the agreed objectives prepared by the NSC Staff Assistants, pointing out that in its present form the NSC paper on Formosa [3] does not envisage any radical departure from the present magnitude of military build-up and economic support.

Mr. Rankin felt that the crux of the problem was that there had been no definite determination of our ultimate objectives involving the use of the Chinese forces on Formosa. He assumed that our real long-range objective is the liberation of China. He felt the U.S. Government must come to a decision which it had not faced squarely heretofore as to the mission of the forces on Formosa: is it attack? is it simply defense of the Island? is it somewhere in between? It appeared to him that we had taken for planning purposes only the forces which happened by accident of history to be on Formosa and had not given adequate thought, particularly from the standpoint of military planning, to the balancing of these forces for most efficient employment in particular missions.

Mr. Robertson stated that, speaking without the special study of the question which some of the other conferees had pursued, he had no difficulty in conceiving the policy of the U.S. Government toward the forces on Formosa. He felt that Formosa is a strategi-

[2] Dated May 19, not printed.
[3] NSC 146; see footnote 6, Document 86.

cally important island on which resides the second largest anti-communist military force in the Far East which we have been supplying and supporting in order to assure its capability of defending the Island from attack. We were creating an important strategic reserve which could be employed when and where the interests of the free world indicated. He did not think anyone seriously believed that the National Chinese army could retake the China mainland without very substantial assistance, including troops, from the U.S. He did not believe the Administration or the American people were disposed to employ U.S. troops in the present circumstances in such a venture. He felt this policy was reasonably clear, although we must all be aware that developments in Korea could make the occasion for employment of the Chinese troops more imminent. The whole question was being reviewed by the National Security Council and in due course decisions would be reached and promulgated which might affect this current policy determination.

Mr. Parelman stated that there was no lack of policy consideration from a military standpoint, since the Joint Chiefs of Staff have stated military program objectives for Formosa each year.

Mr. Sullivan stated that he regarded the strategic reserve concept as a very important and workable one; that the Chinese National forces were being usefully employed as a threat against the mainland and might be assigned as the occasion dictated in various places, for example, in scattered raids against the mainland, in Korea, or even in Southeast Asia, though the latter did not seem desirable at the present time.

Col. Anding stated that Defense had testified on this specific point before Congress [4] and had justified the program on Formosa as the maintenance of a strategic reserve.

Mr. Robertson summed up the point by noting the potential usefulness of such forces for resisting Communist aggression wherever it might occur, whenever it was feasible to employ the forces, whenever and wherever it was desirable to employ them.

Mr. Rankin felt that there had been insufficient attention to developing a balanced force and selecting a particular mission (for example, the question of the size of an armored force had not been treated adequately). He pointed out that there is a difference between the handsome sums which had been voted for military hardware and the comparatively small amounts of deliveries. It was agreed generally that this is an important point in our objectives of

[4] Reference is presumably to the hearings held on the Mutual Security Program by the Senate Foreign Relations Committee, May 5–29, 1953; see U.S. Senate, Committee on Foreign Relations, 83d Cong., 1st Sess., *Mutual Security Act of 1953: Hearings* (Washington, Government Printing Office, 1953).

building up the Chinese armed forces and in maintaining best relations with the Chinese.

Mr. Robertson commented that it was well known that Admiral Radford had some ideas on this subject and we would doubtless be hearing from him in the near future in his new capacity as Chairman of the Joint Chiefs. Mr. Rankin stated that unless the working size of forces was decided upon, it would be very difficult not only to attempt to plan a military assistance program but also to judge the impact on the economy and consequently the optimum size of the MSA program.

Mr. Hope noted that he had made a quick tally of extra-budgetary projects for which the Chinese had requested funds over the past several years. They included currency stabilization; land reform; pay raises; retirement for military personnel; reserve training; improved protein rations; air fields; payment of UN obligations; and there were doubtless others. He estimated, and Ambassador Rankin agreed, that not less than a hundred million dollars would be required to assist these objectives, and he did not believe the Congress or the Administration was disposed to devote this much money above the substantial sums already granted for the military program and civilian economy.

In conclusion, it was noted that the consensus of opinion of the various representatives was that there did not appear much prospect for substantially larger sums in the next fiscal year, although perhaps as much as fifty million dollars might be made available if there were new recommendations involving major changes in program. These would have to be justified on a very high priority basis.

Mr. Rankin noted that there was a need for further exploration of the major policy issues.

No. 107

S/S-NSC files, lot 63 D 351, NSC 152 Series

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State

SECRET [WASHINGTON,] June 2, 1953.

Subject: Review of Economic Defense Policy: NSC-152 [1]

[1] NSC 152, "Review of Economic Defense Policy," May 25, 1953, was a report to the National Security Council by the NSC Planning Board, setting forth four alternative choices of policy as summarized in this memorandum. (S/S-NSC files, lot 63 D 351, NSC 152 Series) For the major documentation on the NSC 152 Series, see vol. I, Part 2, pp. 968 ff.; see also Document 131.

Problem:

Position for NSC discussion on economic defense policy.

Discussion:

We find ourselves unable to agree with the memorandum from E on NSC–152. [2]

We view the Communist China situation as different from that obtaining in Europe. There is historic dependence by Western Europe upon Eastern Europe. There is no shooting war in Europe at the moment. The Soviet threat in Europe, though great and dangerous, is not as active as the Chinese Communist menace to Asia.

The interdepartmental study, [3] in which FE did not participate, poses alternatives including:

(1) The maintenance of present policies. We doubt that the statement of present policies toward trade with Communist China is accurate. We have worked toward the goal of elimination of trade by all nations with the Chinese Communists, limited only by a decent respect for the difficult internal and international political situation of our allies.

(2) The abandonment of the entire trade control program. We believe the trade control program has accomplished something. It represents substantially our only present non-military leverage against the Chinese Communists which they seem to understand and fear.

(3) The intensification of the scope and force of the program. We recommend that this alternative be fully explored.

(4) The establishment of the program on a narrower base. As far as Communist China is concerned, this proposal envisages simply a softer U.S. policy toward exports.

The "net advantage theory" appears to us to have little relevance for Communist China in the foreseeable future. Items are not now carefully screened by other countries for their balance of advantage value.

Commodities other than the most highly strategic have been added by other countries to their control lists largely because of direct persuasion and negotiations in multilateral forums carried on through U.S. Government initiative.

Recommendation:

We recommend that insofar as Communist China is concerned, you take the position that the Planning Board should make an urgent study and recommendations on the intensification of the

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[2] This memorandum has not been found in Department of State files, but a June 3 memorandum from John M. Leddy, Acting Deputy Assistant Secretary of State for Economic Affairs, to the Secretary reported that only minor intensification or relaxation of the existing system of controls was practical or appropriate. (S/S–NSC files, lot 63 D 351, NSC 152 Series)

[3] NSC 152.

scope and force of the economic defense program (alternative No. 3). [4]

[4] The National Security Council discussed NSC 152 on June 4 and, in NSC Action No. 806-b, "directed the NSC Planning Board to study and prepare recommendations, including timing, for Council consideration along the following lines of policy: (1) Maintain present policy regarding Communist China and Korea. (2) Move toward Alternative 4 in NSC 152 regarding other Soviet bloc countries." (S/S–NSC (Miscellaneous) files, lot 65 D 95, "Record of Actions by the National Security Council, 1953")

No. 108

795.00/6–2353

The President of the Republic of China (Chiang Kai-shek) to President Eisenhower [1]

[TAIPEI,] June 7, 1953.

MY DEAR PRESIDENT EISENHOWER: It appears that a truce in Korea will soon be signed. If this truce is able to end Communist aggression in Asia, it would be a common object of our prayers and a buttress to the faith of the free peoples of Asia in the leadership of the United States. A truce not quite measuring up to such standards may leave the free peoples of this region in utter disillusion and weaken the moral leadership of the American Government. To forestall such an eventuality, may I urge that consideration be immediately given to the issuance of some public statement relative to the following two questions: the Korean war and the general situation in the Far East.

Relative to the Korean war, it is suggested that the American Government (1) will adhere strictly to the objective set by the United Nations for Korea, namely, the establishment of a unified, independent and democratic Korea; (2) will continue to ensure the security of the Republic of Korea through giving her moral support and military assistance in common defense of the United Nations objective and (3) will unfailingly honor the assurance given by the delegate of the United Nations Command to the Panmunjom talks that the scope of any political conference to be held following the truce will be limited to the discussion of Korean questions only.

Relative to the general situation in the Far East, it is recognized that, after the truce, the threat to the security of the Asian countries may yet remain. To cope with possible recurrence of such aggression, the aggregate and individual strength of the free peoples

[1] This letter was delivered to the Department of State by Ambassador Koo on June 8 and forwarded to the President on June 10.

in Asia must be increased. In Europe the NATO has made progress and is on the way to further growth in corporate strength. Now is the time for the American Government to consider giving emphatic assurance to the anti-Communist countries in Asia, more especially those that are under the direct menace of Soviet Russia and Communist China, namely, the Republic of Korea, the Republic of China, Thailand and Indo-China, that they will be given effective aid to increase their military strength for defense. And to ensure the peace of Asia, it appears necessary that the American Government declares to hold itself now ready to conclude bilateral or multilateral mutual security pacts with the directly menaced States mentioned above and that it will in due course help to bring into being a general organization of all anti-Communist countries in Asia.

CHIANG KAI-SHEK

No. 109

Editorial Note

At a meeting of the National Security Council on June 18, there was some brief discussion concerning China in the course of a general discussion related to riots which were taking place in East Berlin and Czechoslovakia. According to a memorandum of discussion by Deputy NSC Executive Secretary Gleason, the President referred to the possibility of an uprising or revolt in China, but Director of Central Intelligence Allen Dulles and Special Assistant to the President C. D. Jackson informed him "that there was no intelligence to indicate the likelihood of dissension in China, and, indeed, that a rising in that country was the most remote of all the current possibilities."

Later, when the discussion shifted briefly to the war in Korea, the following exchange took place:

"Mr. Stassen then said he wished to point out to the Council the ever-mounting pressure by our allies to relax the existing controls on trade with Communist China the moment the armistice was signed. He wondered, therefore, whether this was not the time to tighten control over trade with China, and perhaps to institute a naval blockade prior to the armistice.

"The President expressed no sympathy for this latter proposal, but emphasized his feeling that the Secretary of State should use every diplomatic weapon at hand in order to encourage the British and our other allies to hold the line on trade with China until the end of the political negotiations. We should do our best to impress on our allies our conviction that the existing controls on trade had been one of the main reasons why the Chinese Communists had

sought an armistice, and it was vital, therefore, not to relax controls until we had achieved a settlement." (Memorandum of discussion at the 150th meeting of the National Security Council on Thursday, June 18, 1953; Eisenhower Library, Eisenhower papers, Whitman file)

This was recorded as NSC Action No. 817-d-(3): the National Security Council agreed that the Secretary of State should "continue intensified efforts to persuade our allies to refrain from relaxing their controls on trade with Communist China in the event of a Korean armistice." (S/S-NSC (Miscellaneous) files, lot 65 D 95, "Record of Actions by the National Security Council, 1953")

No. 110

611.90/6-1853

The Chargé in the Republic of China (Jones) to the Department of State

SECRET TAIPEI, June 18, 1953.

No. 657

Subject: Admiral Radford's Conversations with President Chiang Kai-shek

During his recent visit to Formosa (June 2-6, 1953) Admiral Arthur W. Radford, who with Mrs. Radford was the personal house guest of President and Madame Chiang Kai-shek, had three important conferences with the President on subjects of special interest to the Department. Those matters which were in the field of political policy were taken up with the President by Admiral Radford at my urging and with the knowledge and concurrence of the Foreign Minister. The friendship between Admiral Radford and the President is a close personal one and it is well known here that the President not only takes very seriously the views of Admiral Radford but will discuss frankly with him topics which he would resent being raised by others. Detailed notes on these conversations, made by Foreign Minister Yeh, who also acted as interpreter, and corrected by Admiral Radford, are attached as Enclosure 1. Admiral Radford's own draft memorandum on the first two conversations is attached as Enclosure 2. [1]

A summary follows.

I. Political

A. United States Policy in the Far East

[1] The enclosures are not printed.

President Chiang expressed the opinion that the strategic and political importance of China in the Free World struggle against Communism was still being overlooked in the United States by many. This tendency which he described as one of placing relatively undue importance on Japan and the U.S.S.R. to the neglect of China was largely the result of excessive British influence over United States foreign policy. The key to most problems in the Far East, as Sun Yat-sen had so often maintained, was to deny the land and resources of China to Russia. He expressed hope that the United States would recognize this principle in developing a positive policy toward the Far East.

With regard to the immediate situation of an impending armistice in Korea, the President said there was great psychological need for a restatement by President Eisenhower of the determination of the United States not to abandon Asia to Communism. In military terms this would require either continued stationing of U.S. forces in South Korea or establishment of a Pacific defense union. Admiral Radford referred to previous statements of President Eisenhower denying any intention of retreating before Communism in Asia. He also suggested to President Chiang's satisfaction that political difficulties in the way of a Pacific defense coalition made it seem preferable to seek a series of bilateral and multilateral pacts.

President Chiang objected to the inexplicable facet of United States policy behind the continuing support being granted Chinese "Third Force" elements through training, subsidies and other encouragement. This was contrary to evidence that the United States wished further to strengthen the Government of the Republic of China. Admiral Radford agreed to do what he could to put a stop to these activities through consultation at home and predicted success in the undertaking.

B. Excessive Security Controls

Admiral Radford emphasized that the difficulty of entry into Formosa and the tight security controls here were militating against the efforts of Chiang's government to win over the overseas Chinese and were widening the impression in the United States that a police state existed here. The President maintained that entry regulations and security controls had been gradually relaxed since January 1952, and would undergo further liberalization. However, he insisted that the subtleties of Communist infiltration made it necessary to retain considerable control.

C. Political Training in the Chinese Armed Forces

This subject was also introduced by Admiral Radford as a development which tended to work against the current trend in official American thinking which favors closer cooperation with Free

China. He said he was chiefly concerned about the stultifying effects on the younger officers of excessive political indoctrination and control. Political outlook seemed to rate higher than military skill. Widespread insecurity and an accumulation of cliques resulted, and weakened the chain of command.

President Chiang refused to yield to the Admiral's opinions on this question. He said that there was no objection to political training among the younger officers, that political conviction counted for only 10 percent of their grading and that this program was designed to bring about greater unity of purpose within the forces. The President admitted that there might be some feeling of insecurity among the higher ranking officers and that cliques exist in the Chinese Navy. He indicated that a special political training program of six months duration would soon be inaugurated, following which political training efforts might be relaxed.

Admiral Radford also discussed this problem with General Chiang Ching-kuo whom he felt failed fully to comprehend his argument. He recommended that General Chiang make an extended visit to the United States to gain an appreciation of the nature and significance of American public opinion and an understanding of the way in which a strong democratic government solves problems similar to those which face Free China.

D. Chinese Forces in Burma

Upon Admiral Radford's urging that the United States would like to see China take the initiative in evacuating as many of Li Mi's forces as possible and that it was in China's own interest so to do, President Chiang agreed to instruct the Chief of the General Staff and the Foreign Minister once again to give priority to this.

II. Military

A. Proposed Reorganization of United States Military Establishment on Formosa

Admiral Radford informed President Chiang during their conversation on June 3, 1953, that he was planning the establishment of a CINCPAC Liaison Office on Formosa for operational planning and direct contact with the President, the Ministry of National Defense and the Chief of the General Staff. The Admiral announced that General Chase had orders terminating his assignment here and that he would recommend that Brigadier General Macdonald, present Deputy Chief of MAAG, should accede to the position of Chief. MAAG would then be limited to training activities and the new CINCPAC representative on Formosa (an unnamed Army officer of higher rank than Macdonald) would assume responsibility

for operations and strategic planning in connection with the joint defense of Formosa. The President approved. [2]

B. United States Command in a Hypothetical Joint Attack on the Chinese Mainland

Admiral Radford gained immediate consent from the President to the following command pattern should the occasion arise for a combined Sino-American attack on the mainland:

(1) In the event of amphibious attack with support of the USAF and US Navy, the latter would be in command of the whole operation from the time of take-off to the moment when ground forces were able to assume command of the beachhead.
(2) In the event of temporary participation of American ground forces in the initial landing, the commanding officer of such forces would be in charge after the Naval Commander relinquished command to the ground forces until such time as the latter withdrew.

C. Chinese Plan for Counterattack

President Chiang made reference to a Chinese plan for counter-offensive operations against the mainland which had been forwarded to Admiral Radford by the Chief of the General Staff, General Chou Chih-jou. While not requesting participation of American ground forces, the plan apparently counts heavily on air, naval and logistical support from United States forces. Admiral Radford had not studied the plan and made no comment.

D. Chinese Request for Paratroop Training

Admiral Radford expressed grave doubts about the feasibility of paratroop operations in an offensive against the mainland and President Chiang's related request that the United States train and equip a Chinese paratroop division. The Admiral took the position that the high costs of paratroop training would not be justifiable in view of the remoteness of the possibility that such troops would make a significant contribution.

III. Economic

The President agreed that existing legislation which militates against foreign investment in mining activities could readily be modified to make way for a seismographic survey of Formosa by the overseas exploration subsidiary of Standard Oil of California. Admiral Radford indicated that representatives of this company were prepared to spend $500,000 on a six months' survey providing legal paths were cleared so as to make initial and subsequent investment profitable. Mutual benefits from the points of view of defense and the economic viability of Formosa were stressed.

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[2] The proposed reorganization did not take place. General Chase remained as Chief of the Military Assistance Advisory Group and in command of Formosa Liaison Center until his retirement in 1955.

Comment:

Political

It appears that Admiral Radford's admonitions regarding excessive security restrictions, political training, and removal of Li Mi forces from Burma had considerable impact upon the President. There was a noticeable quickening in the Chinese Government's deliberations over the latter problem during the following week. It is less certain that any immediate measurable changes in entry regulations, local procedures of arrest and detention and political indoctrination of the armed forces will ensue. At least it appears that the points made by the Admiral will be given serious consideration and weighed anew against the various compulsions within the Chinese governmental establishment for retention of the criticized practices.

Military

The establishment of a separate office for a CINCPAC representative who is to assume liaison responsibility for operational strategy and presumably questions of policy in the military field and who is to have access to President Chiang at the pleasure of CINCPAC would appear to pose questions of policy coordination formerly covered by the initial MAAG Directive. It is assumed that the Department will wish to arrange through a similar joint directive with the Defense Department for the same close cooperation on policy matters between such a new agency and the Embassy as has existed between the Embassy and MAAG in the past.

Details of the Chinese plan for operations against the mainland which the Chief of the General Staff has passed to Admiral Radford are not yet available to the Embassy.

The Chinese request for paratroop training is not new but the emphasis which it was given by President Chiang is of some interest. It tends to confirm certain accumulating evidence over the past few months that the Chinese Government is relying less and less in its strategic planning on the "widespread guerrilla support" it still officially claims to have on the mainland. Another indication of this trend has been the recent Chinese pressure for MAAG approval of a sharply increased reserve training program on Formosa. During the visit of the National War College group May 9, 1953, Chinese military officials stated that Formosa still maintained more or less effective contact with some 650,000 guerrillas on the mainland. MAAG, G–2, estimates, however, that approximately 70,000 would be a much more realistic figure.

In brief, the visit of Admiral Radford and his staff has been most beneficial and Admiral Radford himself made a distinct contribution in forwarding the interests of American policy here. The Chi-

nese were obviously surprised and pleased to gain concrete evidence from such a high source of continuing United States interest in improving the military strength and strategic preparedness of Formosa through mutual planning and coordinated operations. Despite unanswered questions and continuing concern over the shape of our long range policy for Free China, this practical approach gave considerable boost to local morale.

At the same time, the frank and forceful review of certain shortcomings of the Chinese administration from the American point of view served notice that police state tendencies would have to be held in check, if not abated, here to retain effective support of even the most ardent friends of Free China.

HOWARD P. JONES

No. 111

Secretary's Letters, lot 56 D 459, "Memorandums for the President"

Memorandum by the Secretary of State to the President

SECRET [WASHINGTON,] June 19, 1953.

Subject: Economic Pressures on Communist China

At a meeting yesterday with Roger Makins [1] I emphasized the importance we attached to the maintenance of economic pressures on Communist China as providing a trading ground at a Korean political conference. Sir Roger said that he believed his Government would agree to this and referred to a statement along these general lines which he said had been made in Commons by Thorneycroft. [2] I expressed gratification.

JOHN FOSTER DULLES

[1] British Ambassador to the United States.
[2] John E. Thorneycroft, President of the British Board of Trade.

No. 112

794A.5/6-1953

The Chargé in the Republic of China (Jones) to the Department of State

SECRET TAIPEI, June 19, 1953.

No. 660

Ref: Taipei Despatch 657 of June 18, 1953

Subject: Sino-American Military Discussions of Problems Related to the Joint Defense of Formosa

During the week of May 25–31, 1953 a team of United States officers from CINCPAC, United States Air Forces in the Far East and MAAG, Formosa met with Chinese military staff representatives to develop mutually acceptable arrangements for closer coordination of the defense of Formosa by United States and Chinese armed forces. The staff team was directed by Admirals Hedding, Williamson and Storrs and its work was preparatory to the visit of Admiral Radford (June 2–6, 1953), reported in the referenced despatch.

A wide range of agreement was achieved through intensive staff work in two joint committees; one for operations and planning, the second for logistics. The following were the topics covered:

1. The nature of the threat to the military security of Formosa and the pattern of defense required to meet it.
2. Coordination of defense plans.
3. Coordination of operations.
4. Establishment of a combined staff organization.
5. Timing for participation of United States forces and conditions under which they would become engaged in action to defend Formosa.
6. Exchange of intelligence.
7. Combined training.
8. Logistics (bases and supplies).
9. Communications.

The details of these recommendations which will presumably form the basis for future JCS and CINCPAC directives are contained in the enclosed reports of the two Sino-American staff committees. Admiral Radford is understood to have given his tentative approval to the agreed recommendations.

The principal areas of disagreement between American and Chinese staff representatives concerned the form which a combined staff Organization should take and the conditions under which United States forces would become actively engaged. As indicated in the attached report of Committee One, [1] the Chinese favor a single combined staff organization responsible to both United States and Chinese commanding officers, while United States representatives consider that separate units with close liaison would be preferable. As indicated in the despatch under reference, Admiral Radford plans to establish a separate CINCPAC operational commander on Formosa for matters relating to tactical planning and operations, leaving MAAG the technical functions of military

[1] Not printed, but see the memorandum of conversation by Martin, Document 296.

training. Details of the Sino-American command relationship for the defense of Formosa remain to be worked out on a higher level.

On the question of United States forces, the Chinese were anxious for the United States to commit itself to a precise set of conditions which would be interpreted as an imminent threat of attack on Formosa and which would be the signal for immediate deployment of United States forces for active defense participation. The request was rejected, however, and the commitment left in the general terms of "defense in the event of attack". It was agreed, however, that adequate provision should be made through the exchange of intelligence and other advance preparations for timely despatch of United States air and naval forces whenever an attack in force appeared imminent.

The problem of utilization of airbase facilities on Formosa by United States Air Force and Navy aircraft was discussed in general terms. All United States proposals in this connection were agreed to by the Ministry of National Defense. MAAG, Air Section, is to determine actual requirements and clear with the Chinese Air Force. United States Air Force representatives from Tokyo did not take an active part in this or other decisions since their command had not authorized them to act except as observers.

Comment: The Embassy did not participate in the discussions and negotiations leading to the agreements outlined above. There has been no exchange of notes with the Chinese Ministry of Foreign Affairs regarding United States utilization of air bases. It is assumed that the informal understanding in principle between CINCPAC and the Chinese Ministry of National Defense (see enclosed report of Committee No. 2, [2] Section I, Paragraph B–3) will suffice until United States Air Force and Navy requirements have been determined by MAAG as recommended in the report of Committee No. 2.

HP JONES

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[2] Not printed.

No. 113

795.00/6-2453: Telegram

The Chargé in the Republic of China (Jones) to the Department of State

CONFIDENTIAL PRIORITY TAIPEI, June 24, 1953—3 p.m.

1325. Foreign Minister handed me this morning following message for President Eisenhower from President Chiang Kai-shek [1] which he requested be transmitted soonest through Department:

"Dear President Eisenhower,

"The extraordinary situation now facing the free nations in Korea demands your wise and decisive leadership more urgently than ever before. My hope for and my concern with an honorable peace is no less than that of yours. What I am most anxious to see is that you would with the most liberal of spirit and the maximum scope of tolerance work for the solidarity of the free nations and consider that solidarity as the primary prerequisite for securing an honorable peace in Korea. Failing the fulfilment of this first condition, I am afraid that the crisis facing the free nations will worsen even if a truce is signed. I have always been a believer in the Oriental classical adage that in order to crush external aggression, internal unity must first be secured. I hope and trust that you share this belief of mine. A mutual security pact between the United States and the Republic of Korea, as I wrote you in a previous message, would, if signed immediately, contribute impressively to the unity of the free nations. This request of the Government of the Republic of Korea, it appears to me, should receive your immediate and most favorable consideration so that the signature of such a pact may precede the signature of any truce arrangements. Such a policy would not only ease the tension that is now daily being heightened in Korea, but would buttress the faith that the weaker nations of the world have been placing in your leadership in the preservation of freedom and liberation from slavery. The future of the democratic countries and the welfare of all mankind at this moment largely depends upon your liberality and tolerance. I fervently pray that Almighty God preserve and protect you in leading the free world to unity and strength.

"Signed Chiang Kai-shek"

JONES

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[1] Another copy of this message, dated June 23, was delivered to the Department of State late in the afternoon of June 23 by the Minister-Counselor of the Chinese Embassy. (795.00/6-2353) A copy of the telegram printed here was sent to President Eisenhower on June 24 with a covering memorandum from Dulles. (795.00/6-2353)

No. 114

795.00/6–2453: Telegram

The Secretary of State to the Embassy in the Republic of China [1]

TOP SECRET WASHINGTON, June 24, 1953—3 p.m.
PRIORITY NIACT

1077. Eyes only Rankin from Secretary. In view G'mo's apparent backing of Rhee [2] you should quickly in your own words informally and in highest secrecy let G'mo know that Rhee's attempt to force US troops to fight indefinitely in Korea at Rhee's behest will not succeed. Plans are being formulated so that if Rhee persists responsibility for Korea will be left wholly to ROK forces as Rhee suggests with consequent withdrawal of UNC forces. We believe this will be disastrous for Korea but see no alternative to Rhee's absolute refusal to accept armistice and his threat to withdraw his forces from UNC on a few hours' notice. Effect of military disaster to ROK in Korea and possible US withdrawal from Korea would doubtless require reconsideration of US–Formosa policy with result not now predictable. [3]

DULLES

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[1] Drafted by Secretary Dulles.

[2] President of the Republic of Korea Syngman Rhee.

[3] Telegram 1329 from Taipei, June 25, reported that Chiang had been informed of the contents of this telegram and had made no comment, but that Foreign Minister Yeh had informed Jones confidentially that no exchange of views with the Korean Government had taken place on the subject. (795.00/6–2553)

No. 115

795.00/6–2553: Telegram

The Secretary of State to the Embassy in the Republic of China

SECRET WASHINGTON, June 25, 1953—4:26 p.m.

1078. For Rankin from Secretary. Please deliver following msg from President to Chiang Kai-shek.

"June 24, 1953.

Dear Mr. President: I am glad to have your message to me of June 7 relative to the Korean War and the general situation in the Far East.

I share your concern for the importance of maintaining and improving the collective security of those Asian nations which may still face the threat of further aggression. In this connection, the United States recognizes the responsibilities implied in its position

of moral leadership to which you refer, and it is our firm resolve to meet these responsibilities to the best of our ability. However, you will understand that there cannot be leadership of those who may be determined to go their separate ways.

Concerning the three points which you mentioned in connection with Korea, the United States position is as follows:

(1). If an honorable armistice in Korea is achieved, we shall have accomplished the military objective set by the United Nations of repelling the aggressive military forces of Communism in that unfortunate country. The United States will continue stoutly to support the political objective set by the United Nations for Korea, namely, the establishment of a unified, independent and democratic Korea.

(2). We will endeavor through the United Nations and otherwise to assist the Republic of Korea in the maintenance of its welfare and security and in the furtherance of the political objective of the United Nations.

(3). With regard to the political conference to follow an armistice in Korea, it is our view that the scope of such a conference cannot be definitely established at the present stage. We are, however, determined that this conference shall not become a forum in which the integrity and security of the Republic of China are brought into question.

With regard to your comments on the general situation in the Far East, the United States will continue its deep interest in the ability of all of the free nations of Asia to maintain their independence. We would welcome any moves on the part of these nations to coordinate their efforts to this end. We believe that the basic inspiration for a mutual security arrangement among these nations must come from the Asian nations themselves, and we would stand ready to lend encouragement to such joint efforts.

I believe that my position on a number of the points which you raised in your message to me was made clear in my letter to President Rhee of June sixth, [1] which was made public. I appreciate your making your views known to me, and we shall continue to give them most careful consideration.

Sincerely, (signed) Dwight D. Eisenhower.

His Excellency Chiang Kai-shek, President of the Republic of China, Taipeh, Formosa."

Original signed letter follows by pouch. [2]

DULLES

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[1] For text, see Department of State *Bulletin*, June 15, 1953, pp. 835–836.

[2] A copy of the letter, sent under cover of a memorandum of June 26 from Special Assistant to the Secretary Roderic L. O'Connor to the Chargé in Taipei, is in the Eisenhower Library, Dulles papers, Korea file.

No. 116

795.00/6-2953

Memorandum of Conversation, by the Secretary of State

SECRET [WASHINGTON,] June 29, 1953.

MEMORANDUM OF CONVERSATION WITH THE CHINESE AMBASSADOR, DR. KOO

The Ambassador said he had been instructed by the Generalissimo to say that his recent messages to the President were designed only to promote solidarity between anti-Communist elements and he hoped that his messages had not been misunderstood.

I reported on the Korean situation and the danger to the whole anti-Communist position in the East if Rhee should force a break with the United States. The Ambassador said he had been informed by the Generalissimo of the conversation which Rankin had had with the Generalissimo on this point.

The Ambassador asked about the composition of the anti-Communist elements at a political conference if there were one. I said that this would be a subject primarily to be settled between President Rhee and ourselves, but that I was already clear that the United States ought not to be in a position where it would be a minority member of the UN Delegation, subject to being overruled by the vote of others. The Ambassador expressed his satisfaction.

The Ambassador asked as to what would be the subjects that might be taken up at the political conference. I said that we would expect the conference to confine itself to Korea except that it might deal with the point that the President and I had made, namely, that the Korean armistice would fail of its purpose if it merely released Chinese forces for aggression elsewhere. He had particularly in mind Indochina. I said I did not expect that the conference would take up the question of Formosa and the admission of the Red China Government to the United Nations. I said that on this latter point, we had recently made our views known to the non-Communist members of the United Nations. The Ambassador expressed gratification.

JFD

No. 117

795.00/6-3053: Telegram

The Secretary of State to the Embassy in the Republic of China

CONFIDENTIAL WASHINGTON, June 30, 1953—6:30 p.m.

1092. For the Ambassador. Please transmit following message to Chiang Kai-shek from the President:

"Dear Mr. President: I have received your message to me of June 23 [1] concerning a mutual security arrangement between the United States and the Republic of Korea. My letter to President Rhee of June 6 stated my position on this question.

It is obvious that free world unity is a fundamental necessity in the face of the aggressive Communist threat to world peace. Indeed, it has been through unprecedented unity of action that the aggressor has been repulsed in Korea. Unity and common purpose, however, must inevitably imply certain sacrifices and certain limitations on freedom of action on the part of all partners in a common effort. Very heavy sacrifices have been made willingly by the United States and by the other participating members of the United Nations in response to the Korean plea for help from the free world. In this united effort against aggression no one nation can afford to take unilateral action.

The United States, as a loyal member of the United Nations, is deeply concerned for the future welfare and security of the Korean people. We have indicated to President Rhee our willingness, under appropriate conditions, to enter into a mutual security arrangement with the Government of the Republic of Korea. I am sure that you will agree, however, that for such an agreement to be effective it must of necessity be based on mutual understanding, cooperation and shared responsibility in achieving the common objective. Without these a mutual security pact would be unworkable and meaningless. The assurance of this cooperation is therefore prerequisite to the conclusion of such a pact. Sincerely, Dwight D. Eisenhower."

DULLES

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[1] See telegram 1325 from Taipei, Document 113.

No. 118

CA files, lot 59 D 228, 306.11 file

The Ambassador in the Republic of China (Rankin) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

TOP SECRET
OFFICIAL–INFORMAL

TAIPEI, June 30, 1953.

DEAR MR. SECRETARY: In two Secret despatches (Taipei's 657, June 18 and 660, June 19, 1953) covering the recent Taipei visits of Admiral Radford and a CINCPAC staff group, the Embassy has reported a series of tentative agreements between United States and Chinese military representatives concerning increased coordination in the defense of Formosa. The nature of certain organizational proposals made by CINCPAC representatives during their visit, and the exclusion of the Embassy from significant policy discussions, as well as failure fully to inform the Embassy of their outcome, are developments which lead me to write this letter. My purpose is not to complain about the past but to point out certain gaps in coordination between CINCPAC and the Embassy and to suggest ways of bridging them.

Although Admiral Radford has himself endeavored to keep us informed during his visits here, several instances have come to the Embassy's attention in which CINCPAC as an organization seems intentionally to have by-passed the Embassy on questions of considerable policy significance in our relations with the Chinese Government. Topics of correspondence and direct negotiation between CINCPAC and the Chinese about which the Embassy was not consulted have included: (1) blockade of the China coast; (2) preparation of a contraband list and plans for its utilization against vessels engaged in trade with Red China; (3) an agreement on the exchange of intelligence; (4) proposals for a Sino-US combined staff organization on Formosa; and (5) plans for establishing a new military liaison office on Formosa with direct access to President Chiang at the pleasure of CINCPAC.

Questions related to plans for blockading the China coast have taken the form of correspondence between the Ministry of National Defense and CINCPAC via MAAG, Formosa. MAAG was instructed by CINCPAC not to release the information to the Embassy.

The contraband list proposal has been similarly treated in past correspondence and was the subject of considerable discussion between members of the CINCPAC legal staff and the Chinese Ministry of Foreign Affairs during the former's May–June 1953 visit while I was in Washington. An Embassy officer who inadvertently

learned of this a week ago was asked questions he was unable adequately to answer because he had not been informed of the substance of previous exchanges with CINCPAC. He was told by the Foreign Ministry that CINCPAC had requested the Ministry to supply a list of questions concerning contraband search and seizure operations and their various ramifications, especially those of a political nature since the Chinese had indicated some concern in this regard.

The question of broadening the exchange of intelligence between United States and Chinese agencies was taken up by CINCPAC and Chinese military staff members during the recent joint discussions here. The Embassy was not only not consulted but learned of the results (reported in Taipei's despatch 660) only by chance and apparently against the sanction of CINCPAC. The latter would not even permit MAAG to pass information on the new agreement to the Army Attaché to answer a specific telegraphic request from the Department of the Army. Furthermore, the Embassy's service attachés, who presumably will have to put the new intelligence procedure into effect, were totally uninformed and left in the embarrassing position of not being able to converse intelligently with their opposite numbers in Chinese military intelligence. The latter had taken part in the discussions and were fully apprised of the new basis for exchange of intelligence.

As you know, we have been seeking for more than a year to gain access to Chinese Communist prisoners taken in Nationalist guerrilla raids. The discussions between CINCPAC representatives and the Chinese military on exchange of intelligence might well have provided a good opening to gain Chinese cooperation in this regard, if an Embassy representative had been present to exploit the opportunity.

So much for the past. General Chase personally has sought to keep the Embassy informed of what he considers to be policy discussions with the Chinese. MAAG, where it was free to do so, has also consulted the Embassy on policy problems, prior to contact with the top levels of the Ministry of National Defense, and has readily accepted our advice. But CINCPAC as an organization may view the Embassy largely as a place where official courtesy calls are made and incidental questions of narrow political or protocol nature are to be cleared. Questions which can in any way be labeled military policy, strategy or operations—no matter how broad their potential or actual policy implications in other fields—seem in danger of being considered outside the Embassy's province, or at best are to be mentioned only in terms of vague generalities when referred to the Embassy.

There are several reasons why it would seem timely now to clarify CINCPAC practice. We are soon to have a new Commander-in-Chief, Pacific. [1] A third military establishment (i.e. in addition to MAAG and the Attachés) may be inaugurated in Taipei for purposes of operations, strategy, planning and close liaison with the Chinese Government. As indicated by Admiral Radford in his brief reference to the subject (Taipei's despatch 657), this new office would be headed by an officer senior to the Chief of MAAG and would on occasion serve as a pipeline from CINCPAC to the President of China. The following quotation from Section IV of the recent report of a committee of CINCPAC representatives and Chinese military (see Enclosure 1 to Taipei's despatch 660) [2] suggests CINCPAC's conception of this pipeline:

"Matters of a strategic or policy nature would be properly coordinated by the Commander-in-Chief, Pacific, and appropriate Chinese authority".

It goes without saying that United States representation on Formosa should continue on the teamwork basis which has typified Embassy relations with MAAG and MSA here to date. These agencies have been most cooperative in observing the function of policy coordination that rests with the Ambassador. Any new agency which CINCPAC may establish must be brought into the fold, if we are to operate intelligently and to avoid presenting the Chinese with the opportunity—of which they are ever ready to avail themselves—to play one agency against another.

I have analyzed the problem at considerable length. These are my suggestions:

(1) That the Department of Defense be left in no doubt as to State's insistence upon policy coordination at the mission level.

(2) That CINCPAC should be instructed to keep me fully informed on all matters related in any way to policy, including those which lie entirely within the scope of military policy or strategy as long as they have any bearing on our relations with the Chinese Government.

(3) That our Service Attachés who have on-the-spot experience and large staffs should be utilized as they are in other countries for all military intelligence work, including that provided for in the recent agreement (see Enclosure 1, Taipei's despatch 660).

(4) That the arrival on Formosa of a new United States military command in charge of operations, planning and liaison under CINCPAC direction should be preceded by a clear-cut directive (such as the one under which MAAG was established) placing responsibility for policy coordination in the hands of the Ambassador. Any approaches by this command to the President, or to non-mili-

[1] Adm. Felix B. Stump.

[2] Not printed.

tary Chinese officials, should be arranged through the Embassy and the latter should be fully informed of the matters discussed.

I have had extensive experience with problems of this kind over a period of years. It is my considered opinion that the chief of a diplomatic mission cannot carry out his duties effectively unless the principle is established that he has a right to know everything about American governmental activities affecting the country to which he is accredited. In actual practice there will be many details about which he need not be informed. But he must have the authority to decide whether he wishes to be told this or need not be informed of that. If such decisions are to be left in the hands of individuals in the various agencies of our government, we might as well give up all idea of coordinating the conduct of our foreign relations. [3]

Sincerely yours,

K. L. RANKIN

[3] No reply to this letter has been found in Department of State files, but a letter of Aug. 4 from Rankin to Admiral Stump, confirming points discussed by them in a conversation in Taipei on July 30, stressed the need for each to keep the other fully informed. (Rankin files, lot 66 D 84)

No. 119

611.93/7-2453

Memorandum of Conversation, by the Ambassador in the Republic of China (Rankin) [1]

SECRET

TAIPEI, July 1, 1953.

Participants: President Chiang Kai-shek
Foreign Minister George K. C. Yeh
Ambassador K. L. Rankin
Interpreter Sampson Shen

Bermuda Conference [2]

As this morning marked my first meeting with President Chiang since returning from consultation in the Department on June 26, I began by expressing my pleasure at being back in Taipei.

[1] Sent to the Department under cover of despatch 47 from Taipei, July 24. Sampson Shen, the interpreter at the meeting, was Secretary to President Chiang Kai-shek.

[2] A meeting had been scheduled to take place during June at Bermuda between President Eisenhower and the British and French Prime Ministers, but it had been postponed; for documentation on the Bermuda Conference, Dec. 4–8, 1953, see vol. v, Part 2, pp. 1710 ff.

Next I gave him the substance of two messages which the Embassy had received from the Department, one (June 24) [3] assuring the Chinese Government that at the prospective Bermuda Conference no decisions would be taken directly affecting the interests of friendly powers not represented at the Conference without consulting them. The second message (June 12), [4] of which I gave the President a paraphrase, was a circular to all of our missions abroad outlining the support we intend to give continued Chinese Nationalist representation in UN bodies and instructing them to seek the views of each government concerned.

Korean Truce and Rhee's Intransigence

I then referred to the Department's telegram of June 24 [5] regarding the possible effect on US–Formosa policy of President Rhee's continued intransigence to a point where the non-Korean US forces would be withdrawn. I said that the subject was an extremely sensitive one in Washington; I suggested that President Chiang consider the Secretary's message in this light and the possible consequent reconsideration of US–Formosa policy not as a threat but as a simple statement of fact. Obviously, many angles of U.S. policy toward the Far East would have to be reconsidered in the event of a disaster in Korea. One conceivable result might be a substantial increase in aid to Formosa. (The President evidently was hurt and annoyed by what seemed to him a threat to withdraw support from Formosa because of his supposed backing of Rhee, when actually he had not supported or even been in touch with Rhee and considered that he had exercised extraordinary restraint in avoiding public statements.)

With further reference to the recent exchanges of letters between President Eisenhower and President Chiang, I said that I assumed he might consider Eisenhower's letter of June 24 as replying to Chiang's of June 23, * as well as to that of June 7, since it set forth the American attitude toward the question of a security pact for Korea in which the U.S. might participate.

I then went on to describe various experiences during my trip to Washington. I had conveyed President Chiang's message [6] to President Eisenhower orally, setting forth the wisdom of seeking a simple solution in a complex situation such as existed at present, together with Chiang's conviction that the liberation of Mainland China from communism is the only solution to the problems of

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[3] Circular telegram 1228, June 24. (396.1/6–2453)

[4] Circular telegram 1195, June 12. (795.00/6–1253)

[5] Telegram 1077 to Taipei, Document 114.

* President Eisenhower's reply to the second letter was received four hours after this conversation took place. [Footnote in the source text.]

[6] See telegram 1226 from Taipei, Document 105.

Asia. I said that Eisenhower had told me to say to President Chiang that he had China very much in mind and was fully aware of its importance in the general situation. [7]

U.S. Military and Economic Aid to Formosa

Next I said that prospects seemed good for the accelerated shipment of military equipment and supplies, as the recent initial arrival of jet aircraft had indicated. As to the Chinese Government's recent proposals for substantially increased "economic" assistance, [8] that is, aid not military in itself but very largely for the purpose of supporting the military program, I thought it useful that the Chinese Government had undertaken to prepare such proposals. I hoped that they would continue to do so in the future. At the present moment, however, Washington's preoccupation with Korea and the current economy drive in Congress made it impractical to press for increased aid to Formosa. A few months hence, perhaps, particularly if it were decided in the meantime to increase our purely military program here, there should be a possibility of obtaining larger "economic" aid, I said. The necessity of increasing the latter even to maintain our present military program was an obvious fact which I had emphasized to all and sundry in Washington.

I was glad to report that I had been able to assist in obtaining $8 million to care for the repatriates from Indo-China and the urgently needed airport facilities for the Chinese Air Force in connection with the arrival of jet aircraft.

U.S. Support of "Third Force"

Next I remarked that memoranda at the Embassy mentioned recent conversations between President Chiang and Admiral Radford [9] regarding U.S. support to the so-called Third Force. I had been working on this matter during the past year and my recent talks in Washington suggested that progress had been made. All along I had urged that current U.S. policy toward the Chinese Third Force should be reduced to writing, in concise form, and that the gist of this be communicated to the Chinese Government as a means of allaying suspicion. The primary purpose of this approach, however, was to clarify thinking, and it now appeared possible that our support for the so-called Third Force would be discontinued. At this point, I remarked that President Chiang might have received exaggerated reports of the present scope of such support. Actually it was now on a modest scale, directed at obtaining intelligence. It

[7] Rankin further describes this conversation and others held during his visit to Washington in *China Assignment*, pp. 162–164.

[8] See telegram 1215 from Taipei, Document 104.

[9] See despatch 657 from Taipei, Document 110.

was possible that the President would be approached in the near future with a request to assist in liquidating this effort by receiving on Formosa any Chinese members of the Third Force who wished to come here and who had committed no crime. He replied that he would be glad to do this.

Chinese Troops in Burma

I then asked that the President direct General Li Mi [10] to send specific instructions to his subordinates in Bangkok to cooperate fully with Colonel I Fu-de [11] in reaching constructive agreement with the Burmese, etc. Reports indicated that they were arguing "legal" points and indulging in other delaying tactics, as well as talking unhelpfully to the press. He promised to do as I asked.

U.S. Public Opinion on "Police State" Aspects of Formosa

Turning to a more general theme, I remarked that a majority of public opinion in the United States continued favorably disposed toward the Chinese Government, as far as my observation went. However, it should not be assumed that the coming into power of a Republican administration was necessarily a net gain for Free China. In some respects it was; in others it might not be. The Chinese Government undoubtedly had benefited in various ways, particularly since 1950, from the fact that support for Free China had been a domestic political issue in the United States. But the Republicans who had favored all-out aid under a Democratic administration might tend to be more conservative and restrained now that their party was in power.

I thought it particularly important, therefore, that we should give close attention to reports circulating in the United States which tended to undermine the reputation of the Chinese Government. During my recent visit I had heard frequent unfavorable references to the "police state" methods supposed to be operative in Formosa. I had heard that the labor union movement was reported to have been taken completely under government control. With reference to restrictions on entry and exit, I had heard Formosa compared unfavorably with Soviet Russia, now that the latter had eased certain restrictions. Of course, I said, these reports are not strictly true. But most people judge by individual cases or reports which come to their attention, not as a result of detailed, factual studies of the situation. All of this, I said, was most important as it

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[10] Leader of the Chinese Nationalist troops in Burma; Li was then in Taipei.

[11] Colonel I was the Chinese Representative on the committee of Burmese, Chinese, Thai, and U.S. military representatives which was then meeting in Bangkok to develop plans for the evacuation of the Nationalist troops from Burma; for documentation concerning this, see volume XII, Part 2.

influenced American public opinion and, hence, the prospects for future support for Free China.

[Here follows discussion concerning the Chinese Government's denial of a visa to retired Colonel David D. Barrett, former Army Attaché at the Embassy in Taipei; Rankin stated that he had been asked frequently in Washington about this and urged that Barrett be given a visa.]

The President then began a lengthy discussion of the Korean situation, about which I told him that I had little first-hand knowledge. He asked me to convey the views he was outlining to the Department, and in the interest of accuracy I later asked the Foreign Minister to summarize them for me in writing. He did so and they are being telegraphed to the Department substantially as received from him. [12]

Note: The Foreign Minister took no active part in the conversation other than to assist the interpreter in clarifying various points.

[12] In telegram 5 from Taipei, July 1. (795.00/7-153)

No. 120

693.00/7-253: Telegram

The Consul General at Hong Kong (Harrington) to the Department of State [1]

CONFIDENTIAL HONG KONG, July 2, 1953—6 p.m.

11. British Chargé Lamb when in Hong Kong en route to London told Consulate General he had been hopeful that representations made Peiping by various missions on behalf imprisoned foreign nationals might be successful, but this hope was shattered by wholesale arrests Catholic priests Shanghai just before his departure. He doubts that in most cases representations have any effect at all on Chinese authorities, who seem to release people when they are ready and not before. He thought inquiries by "progressive" foreign visitors more likely to move Chinese than notes from diplomatic representatives.

Lamb said British firms had made practically no progress toward liquidation and withdrawal. Foreign businessmen are being used as hostages to squeeze more money out of firms. Even Swedes and Swiss having great difficulties, indicating formal diplomatic relations with Chinese no great advantage to them.

[1] Repeated for information to London.

Lamb did not see any possibility of a political settlement in Korea. He thought armistice might postpone showdown for a couple of years but not settle anything.

No serious friction between Chinese and Russians is apparent, although they basically dislike each other. Since death of Stalin Lamb has noticed some improvement in attitude of Chinese Communists toward Western diplomats, but no change of real significance.

There is no doubt that food shortages exist in China, but they do not seem to be on scale that authorities cannot cope with.

Lamb's experience in Peiping left him most pessimistic regarding any real improvement in relations between Communist China and the West or the possibility of a settlement of outstanding Far Eastern problems. His outlook was definitely gloomy.

Lamb departed July 1 for London via Singapore for visit with MacDonald. [2] His stay here too short for more than superficial sounding of views. Despatch follows. [3]

HARRINGTON

[2] Malcolm MacDonald, Commissioner-General for the United Kingdom in Southeast Asia.

[3] Despatch 31 from Hong Kong, July 6, not printed. (793.00/7–653)

No. 121

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 153d Meeting of the National Security Council, Washington, July 9, 1953 [1]

TOP SECRET EYES ONLY

The following were present at the 153rd meeting of the Council: The President of the United States, Presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; the Deputy Director for Mutual Security; the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Chairman, Federal Communications Commission (for Item 1); General Collins for the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; Robert Cutler, Special Assistant to the President; C. D. Jackson, Special Assistant to the President; Colonel Paul T. Carroll, Acting White House Staff Secretary; Ralph Clark, Central Intelligence Agency (for Item 1); Commander Perry Johnson, USN, Central Intelligence Agency (for Item 1); J. J.

[1] Drafted by Gleason as Acting Executive Secretary of the NSC on July 10.

Hitchcock, Central Intelligence Agency (for Items 1 and 2); the Acting Executive Secretary, NSC; and Hugh D. Farley, NSC Special Staff Member.

There follows a summary of the discussion at the meeting and the main points taken.

[Here follows discussion concerning electromagnetic communications and the first portion of an intelligence briefing concerning the Soviet Union and Eastern Europe, by the Director of Central Intelligence, Allen W. Dulles.]

Lastly, Mr. Dulles stated that he wished to call to the Council's attention and discuss briefly the threat posed by the Chinese Communists to the off-shore islands held by the Chinese Nationalist forces. He pointed out that some of the lesser islands had been captured since the threat became apparent on June 21, and while the main islands, the Tachens, etc., were still under Nationalist control, there was obvious danger that they would presently fall into Communist hands. This would be serious, since the Tachens, for example, have some 7000 Nationalist soldiers and guerrillas.

The President inquired what kind of naval vessels to mount an attack were possessed by the Chinese Communists, and what in the way of a naval force Chiang Kai-shek could dispose for resisting Communist attack by sea.

General Collins replied to the President's question by pointing out that each side had roughly the same collection of motley vessels, small craft, motorized junks, and the like. He added that he had glanced, before he left his office, at a message from Admiral Radford which proposed to authorize the Chinese Nationalists to extend their operations in defense of the islands. [2]

The President then inquired whether it would not be possible to give Chiang Kai-shek a half dozen or so small light U.S. naval vessels—destroyers, escort vessels, or frigates. He said he felt that it would be easy to get Congressional permission to effect such a transfer in order to help defend these islands.

Mr. Dulles replied that he thought this an excellent suggestion, pointing out that the Chinese Communists had more than enough soldiers to capture these islands once they had managed to get together the necessary vessels to transport the troops. Accordingly,

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[2] Reference is apparently to telegram 080525Z from CINCPAC to the Joint Chiefs of Staff, July 8, which reported steps he had taken to encourage Nationalist defense of the offshore islands and stated that the Nationalists would require firm counsel and more positive indications of U.S. support. (Enclosure "C" to JCS 1259/293, July 14; JCS records, CCS 381 (1-24-42) Sec. 40) Radford had previously recommended in telegram 260358Z from CINCPAC to CNO, June 26, that he should be assigned the responsibility of assisting in the defense of those Nationalist-held offshore islands which were determined by the United States to be essential to the defense of Formosa and the Pescadores. (JCS records, CCS 381 (1-24-42) Sec. 40)

the islands were doomed unless they could be defended by air and sea. . . .

The President then returned to his previously expressed idea, and suggested that Admiral Radford be asked to provide the Council with his views as to the make-up and character of a small but effective navy for Chiang Kai-shek. As long, said the President, as it was our policy to support Chiang Kai-shek, we ought at least to provide a few small vessels to assist in this emergency.

General Collins pointed out that the training and maintenance of such naval forces would present some little difficulty, but the President brushed aside this point as only to be expected.

Secretary Dulles inquired whether such a transfer could be carried out under existing legislation.

General Collins thought it probable, but suggested that the matter should be investigated.

The National Security Council: [3]

a. Discussed the subject in the light of an oral briefing by the Director of Central Intelligence, with particular reference to unrest in the satellite countries and to the impending danger to Chinese Nationalist forces on the off-shore islands along the central China coast.

b. Noted the President's desire that the Department of Defense report to the Council on July 23 as to the feasibility of transferring to the Chinese National Government such number of light U.S. naval ships as Admiral Radford might deem appropriate.

Note: The action in b above subsequently transmitted to the Secretary of Defense for implementation.

[Here follows discussion of other agenda items, including Korea, the Middle East, and foreign reactions to administration policies.]

S. EVERETT GLEASON

[3] The lettered subparagraphs below constitute NSC Action No. 841. (S/S–NSC (Miscellaneous) files, lot 65 D 95, "Record of Actions by the National Security Council, 1953")

No. 122

793.00/7–1553: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

SECRET TAIPEI, July 15, 1953—2 p.m.

28. In July 11 meeting with President Chiang, Generals Chase and MacDonald advised using Chinese Air Force and one well-trained and equipped infantry division to defend Ta Ch'en Islands.

MacDonald having just returned from inspection of area reported defeatist attitude of commander and staff, low combat efficiency of troops, weak navy support, poor defense planning and lack of weapons made loss of islands certain in event of concerted Communist amphibious attack.

President Chiang questioned advisability attempting hold islands and was told they could be held but reminded that responsibility at present entirely Chinese. President said he had already detailed more aggressive naval commander and he would strengthen staff of present Ta Ch'en command. He appeared reluctant use either Air Force or crack infantry division. Plans were already under way to detail inadequately trained and equipped 13th Division currently less than half strength.

I understand Admiral Radford is seeking extension defense perimeter covered by US Naval and Air Forces to include these offshore islands, retention of which psychologically important to defense of Formosa and strategically significant from standpoint intelligence prediction and anti-Communist guerrilla activities.

RANKIN

No. 123

794A.5/7-1753: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

TOP SECRET TAIPEI, July 17, 1953—2 p.m.

34. Embassy telegram 28, July 15 and Deptel 848, April 17. On instructions from CINCPAC, MAAG has passed to Ministry National Defense following clarification and modification Chinese Government commitment not radically alter tempo and pattern offensive military actions against Chinese Communists without prior clearance CINCPAC. [1]

Following actions considered defensive and hence not involved in commitment:

1. Reinforcement troops on Chinese Nationalist offshore island.
2. Moves to retake islands recently lost to Chinese Communists in Valushan area.
3. Air, naval and ground action to prevent Chinese Communist build-up on islands recently lost to them.
4. Use of air and naval forces to repel attacks against offshore islands.

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[1] Reference is to a letter of July 15, 1953, from Acting MAAG Chief General MacDonald to General Chow Chih-jou. (Taipei Embassy files, lot 62 F 83)

No action should be taken against Chinese Communist concentrations on mainland which might threaten offshore islands without prior clearance CINCPAC.

CINCPAC considers defense of offshore islands essential to defense of Formosa and that Chinese Government should take necessary steps including increased naval and air reconnaissance to hold them. Chinese Government reminded US forces cannot be committed outside Formosa and Pescadores and Chinese Government must depend on own resources in defending offshore islands.

Comment: Purpose of above is to encourage prompt and effective Chinese strengthening of weak and poorly organized Tachen defenses.

RANKIN

No. 124

460.509/7-1753: Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Bonn [1]

SECRET WASHINGTON, July 20, 1953—9:37 p.m.

259. Excon. Reurtel July 17 [2] concerning report of Foreign Ministers agreement, Secretary of State urged in tripartite discussions that economic measures on trade against Communist China be continued in event of armistice as pressure during political conference and as measure against increased Chinese aid to Communists in Indochina. Salisbury replied he agreed there could be no automatic relaxation of trade controls following armistice; that controls should be maintained and matter re-examined later in light Chinese Communist behavior. Bidault implied concurrence, saying economic and military potential of Communist China should not be increased by those fighting Chinese. Question when controls should be re-examined was not further clarified.

Communiqué issued at end of discussions contained statement: "The three Ministers . . . considered that in existing circumstances and pending further consultation, the common policies of the three Powers towards Communist China should be maintained". [3] Press

[1] Repeated to Paris and London.

[2] Telegram 273 from Bonn, July 17, requested information concerning a press report that the British, French, and U.S. Foreign Ministers, who had met in Washington July 10–14, had agreed to continue the embargo on strategic goods to Communist China even after an armistice in Korea. (460.509/7-1753) For documentation on the Foreign Ministers meeting, see vol. v, Part 2, pp. 1582 ff.

[3] The text of the communiqué is printed in Department of State *Bulletin*, July 27, 1953, pp. 104–106.

generally has interpreted this sentence to mean maintenance of trade controls after armistice.

DULLES

No. 125

793.00/7-2253: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

TOP SECRET TAIPEI, July 22, 1953—3 p.m.

49. Reference Embassy telegrams 37 [1] and 39, [2] army-air attaché telegram AFC-35-53 to Department Army G-2 and Air Force Intelligence. [3] Subsequent reports including reference joint attaché telegram reveal Chinese Nationalist commander in Tungshan raid requested CAF air strikes over island and mainland approaches to make best of rapidly deteriorating situation and cover withdrawal his forces. Chinese Communists crossed narrow channel from mainland in force and compelled Nationalists retreat southward. Time apparently did not permit awaiting reply to request that CINCPAC approve use of CAF as above. Air strikes carried out included effective napalm attack on Chinese Communist truck convoy approaching Tungshan on mainland. MAAG considers this action tactically sound but out of order since undertaken prior to any clearance from CINCPAC.

General Chou, Chinese Chief of Staff, admitted air attacks occurred and explained to MAAG and CINCPAC that violation of Chinese Government commitment was unintentional and gave assurances that steps would be taken to see that it does not happen again. [4]

Comment: Experience this raid suggests impracticability obtaining US clearance for special offensive action during actual raid or engagement. If commitment to have practical meaning clearance

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[1] Telegram 37 from Taipei, July 17, reported that a Nationalist guerrilla commander who had landed in a raid on Tungshan Island on July 16 had requested air attacks against a Communist troop build-up on the mainland opposite the island and against any attempt by the Communist troops to wade across the narrow strait at low tide. MAAG had advised using aircraft only to cover the Nationalists' planned withdrawal from Tungshan but had referred the question to CINCPAC. (793.00/7-1753)

[2] Telegram 39 from Taipei, July 18, reported that the Nationalist forces had withdrawn from Tungshan without the use of air attacks. (793.00/7-1853)

[3] Not printed.

[4] MacDonald's report of his conversations with Chow, sent to CINCPAC in telegram 180900Z (MG 5012), July 18, and related documentation are in JCS records, CCS 092 Asia (6-25-48) Sec. 43.

should be obtained during final planning stages taking into account various contingencies which might result from enemy retaliation. If air offensive then denied compensatory factors could be planned in advance so as prevent excessive casualties.

RANKIN

No. 126

793.00/7-2253: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

SECRET PRIORITY TAIPEI, July 22, 1953—5 a.m. [*p.m.* ?]

50. Pass this and following telegram to Admiral Radford. Recent evidences of Chinese Communist build-up in Tachen area have suggested their intention of attacking Chinese Nationalist-held islands in that group where defense preparations considered seriously inadequate by MAAG. Latter's recommendations as conveyed to Chinese military and Generalissimo last week included replacement of Commander and despatch of one well-trained regular division from Formosa to relieve assorted units now stationed there.

Uncertainty over Generalissimo's reaction prompted me to seek interview, letting him know in advance purpose of my request. I saw him July 18 for more than hour with Foreign Minister present and supported MAAG proposals. After considerable discussion he said he was prepared to act favorably on MAAG recommendations. However, he asked me transmit his views on question of off-shore islands which he gave me in detail and at same time directed Foreign Minister to prepare written summary for actual despatch to Department. This document reached me today and is transmitted textually in immediately following telegram. [1]

Reference to above document will indicate Chiang's request for US statement of interest in off-shore islands falls considerably short of suggestion they be included in "US defense perimeter". Although Deptel 54 [2] arrived after our July 18 talk, I had told Chiang it was improbable US willing make any statement, however, informally, which could be taken as commitment to war with Commu-

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[1] *Infra.*

[2] Telegram 54 to Taipei, July 20, reported that the prevailing view in Washington was that responsibility for defense of the offshore islands must remain with the Chinese Government, which could avail itself of the maximum U.S. assistance allowable under the current directives, and that the Department of Defense was not disposed to concur with CINCPAC's recommendation for westward expansion of the U.S. defense perimeter. (793.00/7-2053)

nist China in event latter should attack Tachen, et cetera. He understood that fully but thought some such statement as in following telegram would have significant deterring effect.

RANKIN

No. 127

793.022/7-2153: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

CONFIDENTIAL
PRIORITY

TAIPEI, July 21 [*22*], 1953—6 p.m.

51. Department relay to Department of Navy for Admiral Radford. Reference is made to Ambassador Karl L. Rankin's interview with President Chiang Kai-shek at the President's office at noon on July 18, 1953 [1] in which President particularly requested Ambassador to transmit to the US Government the following:

The Chinese Government has in the past repeatedly urged that the US Government place the off-shore islands under the US military aid program as proposed in the memorandum attached to the "proposed outlines of mutual defense assistance program for fiscal year 1954" submitted by Chinese Government on May 21, 1953. [2] In view of recent military developments in vicinity of Tachen and the capture by the Chinese Communists of several of the neighboring small islands, it is the hope of the President that the US would review and act on the proposal as soon as possible.

There are clear indications that the enemies are intensifying their activities around Tachen and other off-shore islands probably with view to testing their defenses prior to the making of further landing attempts on other islands. In view of precarious position of these off-shore islands from point of view of supply and defense, Chinese Government has, on many previous occasions, recommended that defense of the off-shore islands be integrated with that of Taiwan and Pescadores. Fact was also emphasized that in order to strengthen defense of Taiwan and Pescadores, it is imperative that defense units on the off-shore islands be integrated with forces on Taiwan to form one single fighting unit. This cannot be achieved

[1] See telegram 50, *supra*. A more detailed account of the conversation was sent to the Department under cover of despatch 46 from Taipei, July 24. (793.00/7-2453) This is apparently the conversation described by Rankin in *China Assignment*, pp. 168–169, as having taken place on July 6.

[2] See telegram 1215, Document 104.

without agreement by US Government to extend the present training program to cover the forces stationed on these islands.

It is realized, however, that this would involve the US in commitments which it may not as yet be prepared to make. Pending final decision on the questions, it is proposed as an urgent measure that US Government consider the making of a statement in the very near future to the effect that the US Seventh Fleet is continuing and strengthening its patrols and surveillance of the water surrounding the islands along the Chekiang–Fukien coast which are held by Chinese Government forces, or by friendly elements, in view of the significance of these islands to the defense of Taiwan and the Pescadores. It is to be noted that while some statement to the above effect would in no way involve the US in responsibilities for the defense of those off-shore islands, it would act as a psychological deterrent to the hostile designs on the islands on the part of the Chinese Communists. As the statement is intended to achieve certain psychological effects, it will be much appreciated if the US Government could consult the Chinese Government on its exact wording.

In view of recent attacks on Chinese Government naval vessels by the Chinese Communists, effective measures are being taken by the Chinese Government to reinforce the garrison forces on the off-shore islands by regular troops of the Chinese army and to strengthen their defenses. In this regard, the Chinese Government has been in consultation with and has been benefitted by the advice given by the MAAG. The Chinese Government not only has no intention to withdraw its forces from any of these islands, but will, on the contrary, make every effort to defend them in view of their strategic importance and the fact that the loss of any of the principal islands would seriously affect the morale of the Chinese armed forces.

While the Chinese Government is determined to hold these islands with what air and naval forces it has at its disposal, it is earnestly hoped that the US would speed up the delivery of the shallow-draft fighting craft as requested in the "proposed outlines of mutual defense assistance program for fiscal year 54" (page 12). The very limited number of shallow-draft craft now in use by the Chinese navy in Taiwan unfortunately cannot be diverted, and even if they could, their very limited number can hardly be expected to cope with the various needs in the vicinity of those off-shore islands. For this reason, Chinese Government earnestly requests that the US Government consider now the request for the following naval craft as an emergency measure for the defense of the off-shore islands:

Type of Vessels	*Quantity Requested*
PGM (PF or PCE)	20
ARL	2
PT	10
LCVP	100

Favorable consideration of the above request and early reply will be much appreciated.

RANKIN

No. 128

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 156th Meeting of the National Security Council, Washington, July 23, 1953 [1]

TOP SECRET EYES ONLY

Present at the 156th Meeting of the Council were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Deputy Secretary of Defense; the Director for Mutual Security; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Secretary of the Interior (for Item 1); the Secretary of Commerce (for Item 1); the Secretary of the Navy (for Item 1); the Director, Bureau of the Budget; the United States Representative to the United Nations (for Item 5); the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; Mr. Cutler, Special Assistant to the President; Mr. Jackson, Special Assistant to the President; Col. Carroll, Acting White House Staff Secretary; the Executive Secretary, NSC; and the Coordinator, NSC Planning Board Assistants. Also present, for Item 1 only, were: J. A. LaFortune, Petroleum Administration for Defense; W. G. Donley, Petroleum Administration for Defense; Robert B. Murray, Jr., Department of Commerce; Louis S. Rothschild, Maritime Administrator; Commander J. J. Mooney, Maritime Administration; Robert L. Finley, Office of Defense Mobilization.

There follows a summary of the discussion at the meeting and the main points taken.

[Here follows discussion of petroleum supplies, continental defense, an intelligence briefing, and several topics related to Korea.]

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[1] Drafted by Marion W. Boggs, Coordinator of the NSC Board of Assistants, on July 24.

8. Transfer to the Chinese National Government of Light U.S. Naval Ships (NSC Action No. 841) [2]

General Bradley reported that it appeared feasible from a military point of view to transfer two additional DD's or DE's to the Chinese National Government within several months.

The President said this question had been brought up by CIA's concern over some of the little islands near Formosa. The transfer of these ships would give the Chinese National Government a small navy with which to patrol these islands.

The President then referred to a conversation he had just had with Senator Dirksen, [3] in which the Senator had advised him to ask for authority in broader terms. The President felt that Senator Dirksen was right, and that Congressional authorization to transfer additional light U.S. naval ships to the Chinese National Government should be in very broad terms.

General Bradley noted that at the present time no transfer of naval vessels could take place without specific Congressional authorization.

The President said we should go ahead and get this authorization, but in broad terms.

The National Security Council: [4]

a. Noted an oral report by the Chairman, Joint Chiefs of Staff, that it appeared feasible, if authorized by Congress, to transfer two additional light U.S. naval ships to the Chinese National Government within a reasonably short time.

b. Noted the President's desire that Congressional authorization be obtained in general terms to transfer additional light U.S. naval ships to the Chinese National Government as rapidly as feasible.

Note: The action in b above subsequently transmitted to the Secretary of Defense for implementation.

[Here follows discussion concerning other agenda items.]

MARION W. BOGGS

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[2] See footnote 3, Document 121.

[3] Senator Everett Dirksen (R–Illinois).

[4] The lettered subparagraphs below constitute NSC Action No. 861. (S/S–NSC (Miscellaneous) files, lot 65 D 95, "Record of Actions by the National Security Council, 1953")

No. 129

Department of Defense files: Telegram [1]

The Commander in Chief, Pacific (Stump), to the Chief of Naval Operations (Fechteler) [2]

TOP SECRET [HONOLULU?,] July 23, 1953—10:04 a.m.

232004Z. CNO 222159Z of July. * Consider my Formosa directive should be modified to include assistance to ChiNats in defense or recapture of those off-shore islands or island groups which they now hold and which are determined by us to be essential for retention. Essential for retention falls into 2 categories:

A. Essential for defense of Formosa and Pescadores.

B. Essential for other US interests. Category "A" islands are Pai-Sha (Kaoteng), Pei-Kan-Tang (Tangki Tao), Ma-Tsu, Pai-Chuan Tao (White Dog), Chin-Men Tao (Quemoy) (Kinmen), Lieh Hsu (Little Quemoy Island), Ta-Tan Tao and Erh-Tan Tao. These islands block the Foochow and Amoy approaches which are possible staging areas for offensive action against Formosa and Pescadores and can also be used to counter ChiCom invasion operations. Retention of these islands is considered further essential for NGRC morale, psychological warfare purposes, NGRC pre-invasion mainland operations, commando raiding, intelligence gathering, maritime resistance development, sabotage and escape and evasion. Category "B" islands likewise essential for retention are Shang-Ta-Chen-Shan and Hsia-Ta-Chen which though not essential to defense of Formosa and Pescadores do serve other purposes listed for category "A" islands. There are other ChiNat islands which are desirable for retention as they serve to facilitate the security of above essential islands. I do not propose US assist in defense these islands but ChiNats should be prevailed upon to defend and US should assist materialwise as practicable. If my directive is modified as above I propose to make COM7THFLT operationally responsible in same manner as for defense of Formosa and Pescadores. I would contemplate the use of US Naval and Air Forces in defense of essential islands and no others. This would involve destroyer and carrier air operations against the ChiComs together with Air Force units if made available. This would vary according to island groups as possibly only air operations could be conducted in defense of Kinmen. I consider it essential that I be authorized to permit ChiNats to attack unmistakable ChiCom concentrations on mainland when proximate to and threatening an essential island or island group. I recognize that forces would have to be made available to me by the JCS upon my recommendation but propose to predetermine force and timing requirements for each essential island group based on

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[1] The source text is not the transmission copy of the telegram; it is labeled Enclosure "D" to JCS 2118/57.

[2] Also sent to the Joint Chiefs of Staff.

* On file in J.C.S. Secretariat. [Footnote in the source text. Telegram CNO 222159Z is not printed.]

detailed studies. Meanwhile every effort is being made for ChiNats to plan and prepare proper defense islands determined to be essential or desirable for retention. [3]

[3] The Joint Chiefs replied in JCS telegram 948918, Sept. 24, that they did not wish to recommend an increase in U.S. responsibility for defense of the off-shore islands at that time but that, in case the decision was made in the future that the United States should take an active part in the defense of the islands, and to facilitate the development of a future JCS position on the subject, CINCPAC was instructed to submit a plan for employment of U.S. forces in defense of each island or island group concerned. (JCS records, CCS 381 (1-24-42) Sec. 43)

No. 130

460.509/7-2753: Circular telegram

The Secretary of State to Certain Diplomatic and Consular Offices [1]

TOP SECRET WASHINGTON, July 29, 1953—7:25 p.m.

67. Excon. Re Paris Polto 137 [2] inquiring US position trade controls following Korean truce: [3]

1. For your background information and general guidance, US attitude toward economic measures against Communist China following armistice was fixed in cabinet level determination July 7, 1953. [4] In dealing with general considerations underlying US tactics immediately following armistice in Korea, determination took account of following:

a. Armistice in Korea would not indicate Communist China had abandoned its basic objectives or its willingness seek these objectives by armed force. Danger of aggression would continue, particularly in Southeast Asia, while Communists would attempt exploit armistice as tactical device to weaken and divide free world.

b. After an armistice major allies of US would be increasingly unwilling support US in maintaining political and economic pressures against Communist China. Consequently, existing differences between US and its major allies over policy toward China would be intensified, and this might lead to serious breach between US and its major allies over the Far East.

c. It is important to our national security as well as to the objective of obtaining acceptable settlement in Korea that political and economic pressures against Communist China be developed and maintained during the immediate post-armistice period, and that

[1] Sent to 26 missions.

[2] Dated July 27. (460.509/7-2753)

[3] An armistice agreement had been signed at Panmunjom on July 27. For the text, see 4 UST (pt. 1) 234, or TIAS 2782; for related documentation, see vol. xv, Part 2, pp. 1446 ff.

[4] Reference is to NSC 154/1, "United States Tactics Immediately Following an Armistice in Korea," July 7, 1953; for text, see vol. xv, Part 2, p. 1341.

the expected opposition of our major allies to such pressures be overcome.

2. Determination then outlined in part following interim courses of action to be pursued during political negotiations for peace and until review of basic US policies toward China and toward Korea completed:

a. Continue US total embargo on trade with Communist China, prohibition of US shipping to Communist China, and current financial controls with respect to Communist China.
b. Continue intensified efforts persuade our allies to refrain from relaxing their controls on trade with Communist China in event of Korean armistice.

3. Paris-USDel-CHINCOM only: Further instructions will follow shortly concerning handling specific pending and potential trade control problems.

DULLES

No. 131

Editorial Note

NSC 152/2, "Economic Defense," July 31, 1953, a policy statement approved by the National Security Council on July 30 and by the President on July 31, defined United States policy concerning trade with the Soviet bloc. Paragraph 16 distinguished Communist China from the Soviet Union and the Eastern European members of the Soviet bloc:

"Economic defense policies toward Communist China differ from those toward the rest of the Soviet bloc since Communist China is a military aggressor."

The "General Objectives" section of the paper reads as follows:

"18. With respect to the Soviet bloc excluding Communist China:

a. To control selectively exports of commodities and supply of services from the free world which contribute significantly to the war potential of the Soviet bloc.
b. To obtain the maximum net security advantage for the free world from economic intercourse which takes place between the free world and the Soviet bloc.
c. To decrease the reliance of free world countries on trade with the Soviet bloc.
d. To increase the political and economic unity of the free world.
e. To decrease, through skillful flexibility in applying controls, the political and economic unity of the Soviet bloc.

"19. With respect to Communist China, in the light of the Korean armistice, and pending a political settlement in Korea and a review of basic policies toward Communist China and Korea, maintain the present U.S. level of controls on transactions with Communist China and continue intensified efforts to persuade our allies to refrain from relaxing their controls on trade with Communist China." (S/S–NSC files, lot 63 D 351, NSC 152 Series)

For the full text of NSC 152, along with related documentation, see volume I, Part 2, pages 968 ff.

No. 132

794A.5/8–353

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Johnson) to the Acting Secretary of State [1]

TOP SECRET [WASHINGTON,] August 3, 1953.

Subject: Defense of Chinese Off-shore Islands: View of JCS

At the weekly meeting with the JCS on July 31, the matter of the defense of the Chinese off-shore islands was discussed in the light of recent requests from the Chinese Government for greater U.S. assistance in their defense.

General Bradley and Admiral Fechteler stated the view of the JCS that from a strictly military standpoint the islands could not be considered essential to the defense of Formosa. They recognized that there were important political and other considerations involved, which were outside their province. General Bradley said that there were no good harbors on any of the islands suitable as a base for a large amphibious operation such as would be necessary for a major attack on Formosa. The JCS believes that mainland ports would have to be used by the Communists as their principal bases for an amphibious attack on Formosa. Furthermore, the JCS felt that, owing to the usual initial advantages of the offense over the defense, the Chinese Communists could take any of the islands against any defense that could be mustered, if they were willing to commit the requisite forces. The JCS expressed the view, and the State representatives agreed, that no U.S. statement appeared to be called for which would imply any change in the mission of the U.S. 7th Fleet or refer to the patrol activities carried out by that Fleet.

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[1] Sent through Deputy Under Secretary Matthews, whose initials appear on the source text, indicating his concurrence.

General Bradley acknowledged that the islands are useful to the Chinese Government and that their retention by the Chinese Nationalists was desirable.

. . . . . .

Admiral Fechteler mentioned that the Cole Bill [2] made available 25 naval vessels not larger than destroyer size for transfer to FE nations. Any or all of these could be turned over to the Chinese Government. In addition, an unspecified number of smaller landing craft could be made available under other arrangements for use in patrolling the off-shore island areas. He thought that the cost of these vessels would have to be charged to MDAP. He was not certain whether the full number of 132 small craft requested by the Chinese Government could be made available. He thought there was a rather low limit on the number of vessels the Chinese Navy could usefully employ. He thought they could man two destroyers in six months, and two more three or four months later.

It was agreed that working level officers from Defense, JCS, and State would meet to ascertain what shallow-draft vessels were to be turned over to the Chinese Government, and what other indirect assistance was being made available to the Chinese Government to encourage and assist it to hold the off-shore islands.

Taipei's No. 59 [3] can be answered on the basis of these findings when they are approved. [4]

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[2] Fechteler was referring to S. 2277, a bill authorizing the loan of certain naval vessels to Italy and France, which had been amended in the House on July 27 by the addition of the provision he described; the amended bill had been passed by both the House and Senate. It was approved by the President on Aug. 5 as P.L. 188; for text, see 67 Stat. 363.

[3] Telegram 59 from Taipei, July 28, reported that the Chinese Government was anxious for a reply, even though of an interim nature, to its requests transmitted in telegram 51, Document 127. (793.00/7-2853)

[4] The notation "Yes—but we had better give an interim reply. WBS" appears in Smith's handwriting on the source text and an attached note.

No. 133

793.00/8–653: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

SECRET TAIPEI, August 6, 1953—noon.

83. Reference Department telegram 76 [1] and Navy section Weeka 31, July 31. [2] During discussion of recently stepped up interception British and other shipping, Foreign Minister asked me to seek Department's comment. He apparently had in mind possible effect on British attitude toward Chinese Government interests at forthcoming political conference [3] and at UNGA.

Above activity by Chinese naval and guerrilla units presumably not unconnected with increased patrolling due to MAAG urging in connection Communist threats to off-shore islands held by Chinese Nationalists.

I am unaware of any recent authoritative American advice to Chinese Government that interception of shipping should be either increased or decreased. However, Ministry National Defense apparently interprets US recommendations re defense of off-shore islands as favoring generally more aggressive policy. Foreign Office questions this interpretation.

Department comment requested urgently. [4]

RANKIN

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[1] Telegram 76 to Taipei, July 30, reported that the Chinese requests transmitted in telegram 51 of July 22 (Document 127) were under urgent consideration by the Departments of State and Defense and that the Chinese Government should meanwhile take all feasible steps to strengthen the defense of the offshore islands. (793.00/7–2853)

[2] The Navy section of Weeka 31, an unnumbered telegram from the Army Attaché in Taipei to the Department of the Army, July 31, reported several incidents of interference with British ships during the preceding week. (794A.00 (W)/7–3153) The Weekas, or weekly interagency summary analyses, from the Embassy in Taipei were sent through military communications channels.

[3] Reference is presumably to the anticipated political conference on Korea.

[4] Telegram 96 to Taipei, Aug. 7, replied that the suggestion in telegram 76 was not intended to relate to the interception of non-Chinese shipping but to encourage the Chinese Government to strengthen the defenses of the offshore islands, especially the Tachens. (793.00/8–653)

No. 134

293.1122/8-653

The Deputy Assistant Secretary of State for Far Eastern Affairs (Johnson) to the Administrator of the Bureau of Security and Consular Affairs (McLeod)

SECRET [WASHINGTON,] August 6, 1953.

Subject: American Civilians Under Detention in Communist China

With reference to your memorandum of July 28, 1953, entitled "American Citizens Remaining in China," [1] the Department has had under consideration at various times during the past two years the possibility of including the plight of Americans held in Communist China in the armistice negotiations in Korea. However, the issue was not relevant to the armistice negotiations, and if introduced would have given the Communists a plausible excuse to raise a number of extraneous issues. It was believed that the interjection of this subject into the armistice talks might induce the Chinese Communists to further intransigence, possibly put a stop to the sporadic release of American civilians by the Chinese Communists—almost four hundred Americans were released while the negotiations were in progress—might make hostages of the Americans in the event no armistice could be reached, and might well prolong the armistice negotiations.

The question of introducing this subject at the impending Political Conference will continue under review. At the present time, the tentative position of the United States is that, in the first instance, the agenda of the Conference should be limited to Korean questions. The possibility is open that the Conference might agree to consider other questions following a successful solution of the basic Korean problem. The Bureau of Far Eastern Affairs has under consideration the advisability of instructing the United States delegation to the Political Conference at its discretion to bring the subject up if the climate at the Conference develops in such a way that this would seem to be a promising move. The final plans for the Conference and the United States' position with respect thereto have not been completed. Much depends not only on the situation as it develops at the Conference but also upon the views and positions of the several conferees and their Governments.

British and other foreign diplomats in Peiping have expressed the opinion that informal approaches to individual Chinese Com-

[1] McLeod's memorandum to Assistant Secretary Robertson, attached to the source text, suggested that the situation of U.S. citizens remaining in China might be included on the agenda of the anticipated political conference on Korea.

munist officials appear to have better prospects of success than do strong, formal notes to the Chinese Communist "Foreign Office".

In the meantime, Americans continue to be released from Communist China from time to time. Fathers Palm and Gatz, who were seized in the Communist round-up in Shanghai in June, recently arrived in Hong Kong. Bishop Cote, who had been imprisoned since 1951, also has just arrived in Hong Kong.

No. 135

794A.5/8–353

The Secretary of State to the Secretary of Defense (Wilson)

TOP SECRET [WASHINGTON,] August 17, 1953.

DEAR MR. SECRETARY: As you are undoubtedly aware, reports from official United States sources on Formosa indicate that a serious threat of Communist attack against the Chinese Nationalist-held Tach'en Islands appears to be developing. In this connection, President Chiang Kai-shek recently transmitted through our Ambassador at Taipei a request that the United States Government make a public announcement that "the United States 7th Fleet is continuing and strengthening its patrols and surveillance of the water surrounding the islands along the Chekiang-Fukien coast which are held by Chinese Government forces", and that the U.S. Government deliver to the Chinese Government 132 naval craft "as an emergency measure for the defense of the off-shore islands".

Pursuant to the understanding reached at a JCS–State meeting July 31, our Ambassador at Taipei has been instructed [1] to inform the Chinese Government that the United States Government would be unable to make any public announcement concerning the activities of the 7th Fleet at this time. As to the Chinese Government's request for 132 small naval craft, it is my understanding that the Department of Defense has this matter under consideration but that before a decision can be made the views of MAAG Formosa must be ascertained and the force basis for Formosa must be reviewed by JCS.

The Department of State has noted the JCS view that, although the off-shore islands (including the Ta-Ch'ens) are not essential to the defense of Formosa, their retention by the Chinese Nationalists is highly desirable. This Department is also of the opinion that their loss would deal a severe political and psychological blow to the Chinese Government. I would urge, therefore, that the Depart-

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[1] In telegram 90 to Taipei, Aug. 6. (793.00/8–653)

ment of Defense give high priority to the determination of what naval craft may be made available to the Chinese Government for use in the defense of the off-shore islands, and to the delivery of such vessels when this determination is made.

Sincerely yours,

JOHN FOSTER DULLES

No. 136

793.00/8–1953

Memorandum of Conversation, by the Deputy Director of the Office of Chinese Affairs (Martin)

CONFIDENTIAL [WASHINGTON,] August 19, 1953.

Subject: British Inquiry on U.S. Understanding with Chinese Government re Attacks on the Mainland.

Participants: Mr. MacGinnis, British Embassy
Mr. Martin, CA

Mr. MacGinnis of the British Embassy called at his own request on August 19 to inquire about a story in the *New York Times* of the same date concerning a reported understanding between the United States Government and the Chinese Government providing for consultations between the governments under certain circumstances involving Chinese Nationalist attacks against the Communists. Mr. MacGinnis asked whether the story was accurate. I told him that the story was based on information which had been released to the press for background use by an authoritative source in the Department and was, therefore, essentially accurate. I had only one reservation about the story; I felt the word "pact" used in the heading was rather misleading and that the word "understanding" used in the text of the story was a more accurate description of the nature of the agreement with the Chinese Government. I told Mr. MacGinnis that I did not think there was anything I could add to the *Times* story regarding the understanding and the reasons for it.

Mr. MacGinnis asked whether this meant that the U.S. was concerned with all the military operations of the Chinese Government. I replied that, as indicated in the press story, the understanding covered only such operations as might result in the direct involvement of U.S. forces committed to the defense of Formosa. Mr. MacGinnis then recalled that at the time the U.S. Government had notified the British Government of President Eisenhower's intention to revise the mission of the 7th Fleet, we had stated that the 7th

Fleet's mission would be limited to the defense of Formosa and the Pescadores. He wished to know whether this was still the case or whether the 7th Fleet was now charged with the protection of the Nationalist-held islands off the coast of the Mainland. I replied that to the best of my knowledge the 7th Fleet's mission remained the same as that described in the communication to which he had referred. Mr. MacGinnis then speculated that in view of the armistice in Korea the Communists might now endeavor to capture the Nationalist-held off-shore islands. He expressed doubt that the Chinese Nationalists could hold the islands in such an event. I replied that it was, of course, quite likely that the Communists would eventually make an effort to capture the off-shore islands and that they probably have the capability of taking them provided they are willing to pay the price. However, I felt that the Nationalists would make a strong effort to hold them and should be able to put up a very good fight, at least on the major islands.

No. 137

293.1111/9–1253: Telegram

The Secretary of State to the United States Mission at the United Nations [1]

CONFIDENTIAL WASHINGTON, September 12, 1953—6:11 p.m.

122. Re: Americans Detained in Communist China (Your letter Aug. 14, 1953). [2] Department suggests Lodge take opportunity to discuss privately with Vishinsky [3] possibility USSR might exercise its influence in obtaining release of about 100 Americans now detained in Communist China, particularly the 34 Americans report-

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[1] Repeated to Moscow, London, and Hong Kong.

[2] Not found in Department of State files.

[3] Andrey Yanuaryevich Vyshinsky, Soviet Deputy Foreign Minister and Permanent Representative to the United Nations.

ed to be incarcerated or under house arrest. [4] (See also Deptel 130 to USUN, April 2, 1953.) [5]

If Lodge–Vishinsky discussions indicate it would be useful, Department will request AmEmbassy Moscow discuss matter with Molotov or Gromyko as follow up New York conversations. (FYI First US approach USSR re Americans under detention made September 1951 by Kirk to Vishinsky at Moscow and was twice followed up by Embassy. [6] Approaches non-productive. In May 1953, Embassy under instruction referred to previous notes, again asked for Soviet assistance re Americans. List imprisoned Americans including "Kert" victims given Soviets. Embassy followed up in June 1953, said we might have to publicize Soviet lack of interest. These US approaches to USSR made public knowledge in Congressional letters in July. In August, Soviet Ambassador at Peiping was consulted by Swedish Ambassador re current informal oral approaches to Chinese Communist officials by certain other foreign diplomats for release American and foreign nationals on broad humanitarian grounds. Soviet Ambassador reportedly said time opportune for moves. Meantime Department asking British to present Chinese Communists second letter re six of eight American priests arrested Shanghai June 1953 who still in jail.) [7] We also intend continue use available diplomatic channels at Peiping, closely coordinating them with your actions at UN on this matter.

It might be helpful, where appropriate, to refer to Chinese Communist detention US nationals during discussion other items in UN organs or specialized agencies, along the lines Lodge statement on Czech item, March 25, 1953. [8] This would indicate continuing

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[4] A memorandum of Oct. 20, from Robertson to Arthur H. Dean, U.S. Representative to the preliminary talks at Panmunjom for a political conference on Korea, stated that Lodge had raised this subject at dinner with Vyshinsky on Oct. 15 and that Vyshinsky had replied, "You should get the man you are sending to Panmunjom to speak of this to the Chinese directly. You will find that they are human beings, too." Robertson stated that the question of whether or not to raise the subject at Panmunjom was under Departmental consideration. (FE files, lot 55 D 388, "Korean Political Conference, October 1953") A memorandum of Oct. 16, from Lodge to Smith, describing the conversation with Vyshinsky, cited in Robertson's memorandum, has not been found in Department of State files.

[5] Reference is apparently to telegram 750 to Moscow, repeated to the U.S. Mission at the United Nations as telegram 371, Apr. 2, concerning U.S. civilians interned in North Korea. (611.95A251/4-253)

[6] See telegrams 586, 397, and 1050 from Moscow, *Foreign Relations*, 1951, vol. VII, Part 1, p. 1001, and Part 2, pp. 1798 and 1873, respectively.

[7] Documentation concerning these approaches in Moscow and Peking is in file 293.1111; see also telegram 1621 from London, Document 143. A Department of State press release of Oct. 9, citing various approaches on behalf of U.S. nationals in China, is printed in Department of State *Bulletin*, Oct. 26, 1953, p. 551.

[8] For the text of Lodge's remarks on this subject, made in the First Committee of the General Assembly on Mar. 25, 1953, see *ibid.*, Apr. 13, 1953, p. 546.

US interest without possibly hampering diplomatic efforts by UN discussion of nature which would make it difficult convince Communists release detainees because of strong public attack on them by US in UN Forum.

DULLES

No. 138

PPS files, 64 D 563, "China"

Memorandum by the Director of the Executive Secretariat (Scott) to the Under Secretary of State (Smith)

SECRET [WASHINGTON,] September 14, 1953.

Subject: A Positive Military Policy for Formosa.

Ambassador Rankin has suggested, in the attached despatch, [1] that a comparatively modest addition to our present level of assistance to Formosa could produce a large percentage of increase in Chinese offensive capabilities. Specifically, this would mean within 12 months an increase to 36 divisions (of 11,000 men each) from the present level of 21 divisions directly supported by the U.S. Seven other divisions are not, at present, directly supported.

He realizes that unless planning incorporates the possible utilization of such an increment in strength it is questionable whether a large US outlay in Formosa over and above minimum defense needs can be justified. However, he sees possibilities in several directions, the most obvious being a return to the mainland. Periodic examination of this possibility, he adds, is essential since this aim and its promise of success is the hope which keeps morale on the island from collapsing. The added offensive power would of course be an effective deterrent or diversionary force in case of Communist aggression in Southeast Asia or elsewhere. An attack upon Hong Kong by the Communists, for instance, might result in a landing in Bias Bay by the Nationalists and a drive to Canton. It will also be ready to exploit any weakening of the Communist control of the mainland or help defend the Free World in the contingency of general war.

The question remains whether Formosa is willing to make the necessary effort if we provide the opportunity. If so, one of their most urgent tasks would be to lay their cards on the table and let the US public and government know more about its actual and po-

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[1] Despatch 91 from Taipei, Aug. 20, headed "Prerequisites to a Return to the China Mainland"; also filed under 793.00/8–2053. Excerpts are printed in Rankin, *China Assignment*, pp. 175–179.

tential claims to the support of the Chinese people. This could be provided by answering specific queries as to the progress of reform, self-government, freedom of expression, civil rights, economic policy, etc. The answers, he believes, will demonstrate an improving trend which gives promise of gaining sufficient support on the mainland, particularly since, in his judgment, a substantial majority of the politically-conscious elements of the Chinese population is now in latent opposition to the Communist rulers.

W.K. SCOTT

No. 139

Editorial Note

On September 27, the Director of Foreign Operations, Harold E. Stassen, submitted to Congress the third semiannual report on operations under the Mutual Defense Assistance Control Act of 1951, or the Battle Act (adopted October 26, 1951; 65 Stat. 644). The text of Stassen's letter of transmittal, a summary of the contents of the report, and Chapter IV, dealing with control of trade with Communist China, are printed in Department of State *Bulletin*, October 26, 1953, pages 569–574; for the complete text of the report, see *World-Wide Enforcement of Strategic Trade Controls: Mutual Defense Assistance Control Act of 1951 (the Battle Act): Third Report to Congress* (Washington, Government Printing Office, 1954). Other reports in this series deal less extensively with United States restrictions on exports to China but contain information concerning the United States export control program.

No. 140

793.5621/9–3053

The Secretary of Defense (Wilson) to the President

CONFIDENTIAL WASHINGTON, September 30, 1953.

DEAR MR. PRESIDENT: Public Law 188, 83d Congress, authorizes the President to lend or otherwise make available to any friendly foreign nation in the Far Eastern area, with or without reimbursement, and on such terms and under such conditions as the President may deem appropriate, a maximum of twenty-five naval vessels not larger than the destroyer type, and such assorted minor miscellaneous craft, naval services, training, technical advice, facilities and equipment, as he may deem proper.

The Chief of Naval Operations has requested that the Navy be authorized to proceed with plans to make two destroyers available to the National Government of the Republic of China under the authority of Public Law 188. The vessels would be transferred on a loan basis, for a period of not more than five years, and subject to other terms and conditions which would be specified in an agreement which the Secretary of State would be requested to negotiate with the Chinese Nationalist Government. Such terms and conditions would include the following:

1. The National Government of the Republic of China will retain possession of and will use the destroyers in accordance with conditions contained in the Mutual Defense Assistance Agreement between the United States and the National Government of the Republic of China. [1]

2. The loan will remain in effect for five years from the date of delivery of the vessels but the United States may terminate the loan at an earlier date if such action is necessitated by its own defense requirements.

3. The National Government of the Republic of China will have the use of all outfitting, equipment, appliances, consumable stores, and spares and replacement parts on board the vessels at the time of their delivery.

4. While the National Government of the Republic of China may place the vessels under its own flag, title to the vessels and all non-consumable equipment aboard them will remain in the United States. The National Government of the Republic of China will not relinquish physical possession of the vessels or any non-consumable equipment aboard them without consent of the United States.

5. The National Government of the Republic of China will renounce all claims against the United States arising from the transfer, use or operation of the destroyers, and will save the United States harmless from claims asserted by third parties in such connection.

6. Upon expiration or termination of the loan, the vessels will be redelivered to the United States in substantially the same condition as when transferred, except for fair wear and tear or for damage caused through action by a hostile force. Should either vessel be lost or damaged through action by a hostile force, the National Government of the Republic of China will be exempt from liability for such damage or loss; should either vessel be lost or damaged through other causes, the National Government of the Republic of China will pay the United States fair and reasonable compensation as may be agreed upon. Should either of the vessels sustain damage from any cause, such as in the opinion of the National Government of the Republic of China renders it a total loss, the United States will be consulted before the vessel is declared a total loss.

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[1] For text of the agreement, effected by an exchange of notes at Taipei on Jan. 30 and Feb. 9, 1951, see TIAS 2293 or 2 UST (pt. 2) 1499.

The above terms and conditions are substantially the same as those governing the recent loan of an aircraft carrier to France [2] and the proposed loans of two submarines apiece to the Governments of Italy and Turkey. [3]

The Joint Chiefs of Staff have determined that the two destroyers can be manned by the Chinese Nationalists in the last half of fiscal year 1954, and have recommended that they be transferred as early as practicable after January 1, 1954. It is anticipated that the activation of the destroyers will be completed in time to meet this schedule. All expenses involved in the activation of the vessels will be charged to funds programmed for the National Government of the Republic of China under the Mutual Security Act.

Pursuant to the requirements of Public Law 188, I have determined, after consultation with the Joint Chiefs of Staff, that the transfer of two destroyers to the National Government of the Republic of China is in the best interests of the United States.

Your approval of the loan of the two destroyers, subject to the terms and conditions specified above, is recommended. The Department of State and the Foreign Operations Administration concur in this recommendation. [4]

With great respect, I am,

Faithfully yours,

C.E. WILSON

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[2] An agreement between France and the United States, concerning the loan of an aircraft carrier to France, was effected by an exchange of notes at Washington on Sept. 2, 1953; the text is in TIAS 2907 or 5 UST 137.

[3] The text of an understanding between Italy and the United States concerning the loan of two submarines to Italy, effected by an exchange of notes at Washington on Apr. 27, 1954, is printed in TIAS 3124 or 5 UST (pt. 3) 2617; the text of an agreement between Turkey and the United States, effected by an exchange of notes at Ankara on Feb. 16 and July 1, 1954, is printed in TIAS 3042 and 5 UST (pt. 2) 1663.

[4] Secretary Wilson informed Secretary Dulles in a letter of Oct. 30 that the President had approved the loan of the two destroyers. (793.5621/10-3053) An agreement concerning the loan of the destroyers was effected by notes signed at Taipei on Jan. 13, 1954; for the text, see TIAS 2916 or 5 UST 207.

No. 141

033.9311/11-1353

Memorandum for the Files, by the Director of the Office of Chinese Affairs (McConaughy)

[WASHINGTON, November 13, 1953.]

Subject: Notes on General Chiang Ching-kuo's Call on Secretary of State Dulles—October 1, 1953.

General Chiang Ching-kuo called on the Secretary on the afternoon of October 1, accompanied by Ambassador Wellington Koo and Sampson Shen. The Secretary greeted General Chiang Ching-kuo cordially. General Chiang Ching-kuo spoke feelingly of the hospitality accorded him and of his many enlightening experiences and observations which had given him a new and comprehensive picture of various aspects of life in the United States. Secretary Dulles responded in a sympathetic vein, showing familiarity in a general way with the tour of the General.

General Chiang Ching-kuo, starting with a general remark on the need for a pooling of U.S. and Chinese efforts in the common struggle against Communist imperialism, mentioned the importance to China of the U.S. military and economic assistance program. He expressed his own gratitude and that of the Generalissimo for this generous aid and gave an assurance that it would all be well used. He then mentioned the extra burden put on the economy of Formosa by the support requirements of the rapidly growing military establishment. He said that his country appreciated the understanding of leaders in this country of the fact that maintenance of increased military resources put an added load on the Governmental budget and on the economy of the country. He said that his country was gratified that the last session of the U.S. Congress had generously increased the appropriation for military assistance and for economic aid by a substantial percentage. He said that it was very important that the appropriation for "common use" items be increased by the same percentage, since many items necessary for support of the swollen military program could not be financed except through the common use program.

When the Secretary asked for an example, he cited the need for new and better airfields with longer runways, and service facilities and fuel for the jet aircraft now being supplied by the U.S. He also mentioned the need for increasing the economic assistance program from $70 million to $81.2 million.

The Secretary said that these were technical matters, with the details of which he was not conversant. However, he was sure that Mr. Stassen of FOA and other officials concerned, including those in the Department of Defense, would give careful and sympathetic consideration to the requirements. He mentioned smilingly that we were getting the same sort of appeal from other countries. They all seemed meritorious and the problem was to parcel out the limited available total funds in the fairest way and so as to get the maximum overall results.

The Secretary said he hoped it was evident that the attitude of this Administration toward China was different from that of the preceding Administration. The General made no direct reply.

General Chiang Ching-kuo said that he and others had already had useful talks with Mr. Stassen, General Stewart, [1] and others who had said that Chinese requirements would receive full and sympathetic consideration.

The Secretary then said that he had heard from some of our representatives that the General was "a little rough" in his methods. This remark was not translated by the interpretor, and there was a brief silence.

The Secretary then reiterated that he had heard that the General was "a little rough" in his handling of security matters. He said he hoped that the General would learn from his observations in this country that it was possible to accomplish what was necessary "without being so rough". He thought the General would find out that we had been able to cope with problems of subversion, disloyalty and security without infringing on basic human rights and witnout denials of due process of law to suspects. He hoped that the General would see how we are accomplishing this and would consider the adaptability of these methods to the circumstances in his own country.

Shen translated this remark, and General Chiang Ching-kuo murmured an inaudible acknowledgement.

Ambassador Koo remarked that members of the Chinese community in San Francisco, New York and Washington probably had heard some stories about the sternness of General Chiang Ching-kuo, but they had all been completely won over at the Chinese dinners given for the General by his personal warmth, geniality, frankness and his genuine and friendly concern for their welfare. They had obtained quite a different impression from the preconceived one.

The Secretary called in photographers who were waiting, and a number of pictures were taken. The poses were friendly and informal.

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[1] Maj. Gen. George C. Stewart, Director of the Office of Military Assistance, Department of Defense.

No. 142

794A.5 MSP/10–653: Telegram

The Chargé in the Republic of China (Jones) to the Department of State

SECRET TAIPEI, October 6, 1953—6 p.m.

215. Cotel. In view of approval of military budget by Executive Yuan and transmittal to Legislative Yuan prior to review by MAAG, I sought appointment with President Chiang to clarify matter and obtain his personal support for adequate budgetary review by US agencies. Accompanied by General Chase and Brent, [1] acting chief of FOA, spent hour with President today this subject. Finance Minister Yen, Chief of Staff General Chou Chih-jou, Secretary General Dr. Wang Shih-chieh, presidential aide General Pi were also there, latter serving as interpreter.

I pointed out vital importance to Chinese Government as well as to US Government for ample opportunity to be provided for MAAG study budget estimates and make recommendations before budget is finalized. If Chinese Government budget is not carefully coordinated with US military aid program, much money can be wasted. Unnecessary expenditures may be made, or, on other hand, there may be failure to provide funds necessary for efficient utilization of military equipment scheduled to be received. Finally, it is possible for MAAG to recommend to US government alterations in aid program deemed desirable to fit Chinese special needs. But such recommendations are impossible without clear detailed picture of military expenditures planned by Chinese.

I also outlined previously agreed upon procedures for such review by MAAG and requested assurances procedure met with President's approval.

President agreed without hesitation. He pointed out there were two reasons for submission of military budget before concurrence by MAAG:

(a) Constitution requires such submission before September 30.
(b) Since final figures for US aid had not been received, budget could not in any event be finalized.

He emphasized it was not too late for revision of budget, that he wanted our suggestions and agreed MND and MAAG experts would review military budget in detail within next 30 days, making recommendations for revision.

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[1] Joseph Brent, Deputy Director of the Foreign Operations Administration mission in Taipei. The Mutual Security Agency had been reorganized as the Foreign Operations Administration on Aug. 1, 1953.

General Chase outlined budget objectives of MAAG and gave effective examples of waste in current program which obviously made deep impression on President who expressed appreciation for our assistance in this matter and then raised following questions:

(1) Pointing out that Congress had appropriated 20 per cent additional funds for military aid, President queried whether this could be used for hard core or common use items, commenting that he felt the greatest need was in latter classification.

(2) Referring to unspent counterpart funds from previous years, he queried how much these amounted to, asked whether they could be re-programmed or must be used for originally scheduled items. He would appreciate general clarification of whole matter.

All present assured President that, although answers to his questions were not immediately available, they would be forthcoming in near future. President requested answer to point 1 within 30 days to permit inclusion in budget planning. He expressed appreciation for visit.

Comment: Conference was harmonious throughout and, apparently, accomplished objective. Although many details remain to be ironed out with respect to both military and civilian sides of budget, both MAAG and FOA chiefs believe budgetary review can now be effectively implemented with backing of President.

JONES

No. 143

293.1111/10-1453: Telegram

The Chargé in the United Kingdom (Penfield) to the Department of State [1]

CONFIDENTIAL LONDON, October 14, 1953—5 p.m.

1621. Embassy Despatch 1240 September 29 last paragraph. [2] Telegram from British Mission Peiping received Foreign Office yesterday reports following re status civilian internees in China:

(a) Indian Ambassador last spoke to Chinese Communists this subject three months ago and will reopen question when problem

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[1] Repeated for information to Hong Kong.

[2] Despatch 1240, referring to a previous report that the Swedish, Swiss, Indian, and Pakistani Representatives in Peking had agreed in August to make informal, individual approaches to the Chinese authorities on behalf of foreign nationals under detention, stated that the new British Chargé in Peking, Humphrey Trevelyan, had reported on Sept. 2 that the Swedish Ambassador had raised the subject with Chou En-lai. Chou's expression had "immediately darkened" and he had stated that the problem was an internal question of concern only to the Chinese authorities. (293.1111/9-2953)

composition political conference settled. Swiss Minister discussed matter with Chinese Communists late May and intends reopen it appropriate occasion. He urges his intervention not be mentioned to US as he has suffered from publicity on previous occasions. Pakistan Ambassador spoke recently both to Foreign Minister and Vice Foreign Minister. Fonseka, [3] head Ceylon trade delegation, also spoke Chinese Communists at Trevelyan's request. Trevelyan himself will again raise matter with Minister Foreign Affairs in connection with other matters.

(b) Swedish Ambassador had hoped for amnesty for internees on October 1 but this has not occurred. Pakistan Ambassador believes Chinese Communists awaiting results political conference. All feel US should avoid exerting pressure through publicity. Trevelyan agrees with his colleagues. Press full of atrocity stories directed against Americans and full blast Chinese Communist propaganda now daily directed against US. Publicity in US re foreigners under detention would do more harm than good.

(c) Following figures show position US, UK, and Canadian nationals under detention: 54 arrested in 1951, 21 in 1952, and 12 in 1953 (of whom 2 released). 38 released in 1952 and 26 in 1953 (up to end of August). At end of 1952, 60 under detention of whom 21 under house arrest. Now 48 under detention of whom 5 under house arrest.

(d) Impossible say what effect these diplomatic approaches have, but for whatever reasons situation has somewhat improved. There are indications Chinese Communists now more inclined expel Catholic missionaries without, or with only short-term, imprisonment. Reports in Hong Kong press of arrivals missionaries from mainland reveal that in first quarter this year 70 missionaries of all nationalities arrived of whom 60 previously under arrest. From June 1 through September 10 about 100 arrived Hong Kong of whom 50 previously under arrest. With few exceptions they all expelled from China. They mainly Catholics.

(e) General consensus among friendly diplomats Peiping is to continue as at present pressing Chinese Communists on individual basis as occasion presents itself.

Embassy urgently requests Department respect view friendly diplomats Peiping and avoid publicity, especially specific references individual diplomats such as Swiss Minister.

PENFIELD

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[3]Susanta de Fonseka, Ceylonese Minister to Burma.

No. 144

611.93/10-3053

Memorandum by the Regional Planning Adviser for Far Eastern Affairs (Ogburn) to the Director of the Office of Chinese Affairs (McConaughy) [1]

TOP SECRET [WASHINGTON,] October 30, 1953.

Subject: NSC 146/1 [2]

NSC 146/1 seems to me to fall within the category of papers that a few years hence will be read with puzzlement. If an NSC paper on Formosa must have as its premise that the Chinese National Government in Formosa represents a key instrument for detaching China from the Soviet Union, then I suppose NSC 146/1 is about as good a paper as could be written.

If we are committed to producing this kind of paper on Formosa I wish, however, we could do another, informal in nature and without official stamp, which would take account of what seem to me the self-evident facts of the situation: first, if China is to be detached from the Soviet Union, it will be because the Peiping regime itself reacts against Russian domination or because the Peiping regime is overthrown by the defection of those who now constitute its main strength; and, second, that those on the Chinese mainland who throw out the Russians will have no intention of recognizing or submitting to the authority of the regime in Formosa. At that stage, the National Government will become much more of an embarrassment to us than anything else. To suppose that the future of China lies in any sense with the National Government seems to me to ignore all the evidences of reality we have.

Apart from all the other facts limiting the future role of the Chinese National Government, there is the consideration that as the armed forces of this government become increasingly Formosan (as they must if they are to be maintained at anything like their present strength) the government itself must become more and more Formosan; the Formosans are not going to supply the armed strength of the government without wishing to exercise the powers

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[1] Ogburn sent copies to Assistant Secretary Robertson and Deputy Assistant Secretary Everett F. Drumright. A note in Robertson's handwriting, attached to the source text, reads: "I do not agree with the reasoning of this memo—WSR."

[2] NSC 146/1, "United States Objectives and Courses of Action With Respect to Formosa and the Chinese National Government," Oct. 28, 1953, which included a draft statement of policy prepared by the NSC Planning Board and an NSC staff study, a revised version of NSC 146 and its Annex (see footnote 6, Document 86, and footnote 2, Document 93). Except for a few revisions, it is identical to NSC 146/2, Document 150. Further documentation related to the NSC 146 Series is in S/P-NSC files, lot 61 D 167, "Formosa—NSC 146".

of government. It would follow that what we are going to have on the island is an increasingly provincial regime which will be more and more preoccupied with Formosan affairs and less and less interested in a "return" to the mainland and which will prove increasingly difficult for us to present to the rest of the world, including the Chinese minorities in Southeast Asia, as the true government of China.

If the Chinese Nationalist army is destined to become a Formosan army, it is difficult to see why we are spending so heavily of our limited resources to build it up. NSC 146/1 skirts, with modestly downcast eyes, the unpleasant fact that the troops brought from the mainland will soon become superannuated but it does acknowledge that replacements must be largely Formosans and states that the Formosan people could furnish between 450,000 and 650,000 able-bodied males of military age. It leaves unanswered, however, the question of why we should invest so heavily in such a huge Formosan force and so meagrely, by comparison, in Burma, Thailand and Indonesia. By any military evaluation I can conceive of, Formosa is far easier to defend than any of the mainland Southeast Asian countries while at the same time the Communists' capture of Burma or Thailand—which would presage the loss of Indochina, Malaya, and Indonesia and the posing of the most serious threat to the Philippines and Australia—would be much more serious for us than the loss of Formosa. I am not saying that we should risk the loss of Formosa but am only suggesting that we show a sense of proportions.

As an apologia for our spending so much on the Chinese Nationalist forces, NSC 146/1 suggests that these forces will be available for operations against the mainland and that they "would be at their best if used against the Chinese mainland". (NSC 146/1 does not, however, consider that they will ever be adequate by themselves to defend Formosa.) It seems to me we ought to bear in mind that if we disembark a Chinese Nationalist force on the mainland the results will probably take one of two dangerous turns. On the one hand, the landing may be unsuccessful, in which case we may suppose that losses would be heavy, much American matériel would come into the hands of the Communists, and United States' prestige would suffer. On the other hand, the landing might be held, in which case, since it is hardly possible that we could talk the Nationalists into going back to the mainland and thus giving up their dream at the very moment it was becoming actual, we should find ourselves committed to supporting a campaign on the mainland of indefinite duration. A Chinese Nationalist beachhead could not be stabilized; if it were not eradicated by the enemy it would have to go on and on at least until it encompassed enough of

South China to make a second mainland China, independent of Communist North China, on the pattern of Korea. When we speak of the Chinese Nationalists landing on the mainland I think we ought to have very clearly in mind just what such a landing would involve us in.

I think we should also disabuse ourselves of the notion that the nations recognizing the Chinese Communists are going to be much moved by any demonstration of good government given by the Chinese Nationalists. Formosa must be by all odds the easiest country in Asia to govern and in addition is receiving more aid from us in relation to its population than any other country in the area and probably in the whole world, except those countries which have been the theatre of full-scale war—Korea and Indochina. The countries that have recognized Communist China have done so not because they thought the Chinese Communists would afford better government than the Nationalists (though some of them may have thought this) but because the Communists have been the actual government of China.

In paragraph 24, [3] we advance the thought that if Formosa or even the Pescadores fell into Communist hands we would not be able to defend Japan, the Ryukyus, the Philippines, Australia or New Zealand. Even granted that certain kinds of statements in NSC papers are not supposed to be taken too seriously, this seems a rather far-fetched way of saying that it is important for us to prevent Formosa and the Pescadores from falling into Communists' hands.

It seems to me that our present policy toward the Chinese Nationalists, as set forth in NSC 146/1, is based not upon a reasoned estimate of the situation and of our national interests, but upon a desire (by no means discreditable) to make amends for what we consider our shortcomings in the past. Again I must say I wish we could prepare as an experiment a second paper on "United States Objectives and Courses of Action with respect to Formosa and the Chinese Nationalist Government" that would take account of what any detached and objective (or heartless) observer must, I believe, consider the hard facts of the situation. I am afraid that in preoccupying ourselves with illusions we may be making our policies unintelligible to those whom we aspire to lead, and neglecting what may be our real opportunities, such as they are.

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[3] Paragraph 24 of the staff study portion of NSC 146/1 is identical to paragraph 24 of the staff study portion of NSC 146/2, Document 150.

No. 145

S/S–NSC files, lot 63 D 351, NSC 166 Series

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense [1]

TOP SECRET WASHINGTON, November 3, 1953.

Subject: NSC 166—U.S. Policy Toward Communist China [2]

1. The Joint Chiefs of Staff submit herewith their views regarding a draft statement of policy prepared by the National Security Council Planning Board entitled "U.S. Policy Toward Communist China" (NSC 166) which, if adopted, is intended to supersede paragraph 8 of NSC 48/5.

2. The Joint Chiefs of Staff are of the opinion that, to be adequate as a statement of United States policy toward Communist China, NSC 166 should set forth more definitely the United States objective regarding the present Chinese Communist regime. Subparagraph 2b of NSC 166 states that ". . . Even if particular Far Eastern issues were resolved to the satisfaction of Peiping, the Chinese Communists, as communists, would continue to maintain a basic hostility to the West in general and the U.S. in particular." The Joint Chiefs of Staff are in general agreement with that assessment and also with the proposed Policy Conclusion that, in the absence of further Chinese Communist aggression or a basic change in the situation, the overthrow or replacement of the Chinese Communist regime by the use of United States armed force would be currently unacceptable as a United States policy. However, if it is accepted that the present Chinese Communist regime will remain basically hostile to the United States, the Joint Chiefs of Staff consider that it is clearly in the interest of the United States to adopt as an ultimate objective the replacement of that regime by one which, as a minimum, would not be hostile to the United States. The Joint Chiefs of Staff feel that the adoption of such an objective would not be unrealistic, even though specific measures which might be effective to this end are not now feasible of implementation. Neither would it be inconsistent with the more immediate goal of reducing the relative power position of Communist China in Asia and of creating conditions designed to render the Chinese

[1] Circulated to the National Security Council with a covering memorandum of Nov. 4 by Lay.

[2] NSC 166, "U.S. Policy Toward Communist China," Oct. 19, 1953, includes a draft statement of policy prepared by the NSC Planning Board and an NSC staff study. Except for a few revisions, it is identical to NSC 166/1, Document 149. Further documentation related to the NSC 166 Series is in S/P–NSC files, lot 61 D 167, "Communist China, U.S. Policy Toward".

Communist regime amenable to reasonable settlements of international issues. The Joint Chiefs of Staff therefore recommend (a) that it continue to be United States policy to seek the reorientation of the Chinese Communist regime or its ultimate replacement by a regime which would not be hostile to the United States and (b) that the proposed Policy Conclusions in NSC 166 be amended accordingly.

3. Paragraph 8 of NSC 48/5 states that the United States should ". . . oppose seating Communist China in the UN." The Joint Chiefs of Staff consider that the United States position regarding the representation of Communist China in the United Nations should be affirmatively and explicitly stated in NSC 166. In this connection, they have noted that the United States intention in this regard is clearly stated in paragraph 7 of NSC 146/1, a proposed policy statement prepared for early consideration by the National Security Council entitled "U.S. Objectives and Courses of Action with Respect to Formosa and the Chinese National Government." In the light of the foregoing, the Joint Chiefs of Staff recommend that subparagraph 5h of NSC 166 be brought into consonance with NSC 146/1 by amending it to read as follows (changes indicated in the usual manner): [3]

"Continue to recognize and support the Chinese National Government on Formosa as the government of China *and the representative of China in the United Nations and other international bodies, and continue efforts to persuade other nations to adopt similar positions;* assist it in achieving . . . " [.]

4. Subject to the revisions recommended in paragraphs 2 and 3 above, the Joint Chiefs of Staff consider that NSC 166 is acceptable as a statement of policy to supersede paragraph 8 of NSC 48/5.

For the Joint Chiefs of Staff:
EDWIN H.J. CARNS
Brigadier General, USA
Secretary

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[3] Added material underscored; printed here in italics.

No. 146

611.93/11–453

Memorandum by the Director of the Office of Chinese Affairs (McConaughy) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

TOP SECRET [WASHINGTON,] November 4, 1953.

Subject: Briefing of General Smith on NSC–166 and NSC–146/1.

1. NSC–166 "U.S. Policy Toward Communist China"

Mr. Bowie briefly summarized the objectives and courses of action set out in NSC–166 and stated that it was an agreed paper. It had been cleared through the Department and at the NSC Planning Board level by representatives of all agencies concerned. He thought that the Under Secretary could support it without amendment at the NSC meeting at the White House on November 5.

Mr. Bowie referred to the memo from the Joint Chiefs dated November 3, urging that NSC–166 be amended to set forth more definitely that the ultimate objective of the U.S. is the replacement of the Chinese Communist regime by one which, as a minimum would not be hostile to the United States.

Mr. Bowie said that in his view it would be unrealistic to state such an ultimate objective since it was beyond our capabilities. He felt that any objective stated in an NSC paper should be closely related to the courses of action outlined in the paper. Since we could not formulate any course of action which was likely to bring about the downfall of the Peiping regime, he did not think it wise to include the replacement or overthrow of the regime as an objective. He felt that such inclusion would befog the issues and make it necessary to change the treatment of the alternative courses and the recommended course of action. He said that the paper deliberately dealt only with short term policies. Provision was made in the paper for reconsideration of the objectives and the courses of action in the event of any major change in the orientation of the Chinese Communist regime. Such a reconsideration would make it possible for us to consider adoption of a higher objective if it should seem realistic to do so.

General Smith said that it seemed to him that it was mainly a question of semantics which we did not need to treat as a major issue. He thought it was undeniable that the replacement of the regime was highly desirable from the U.S. standpoint. That was merely a statement of the obvious, and he did not see that any harm could come from putting it in the paper. If it would make other agencies happier, we could agree to repeating it over and

over, just as the Romans had made a watchword of *Delenda est Carthago*. General Smith said that he could understand why the Joint Chiefs wanted to state a high objective which seemed beyond our immediate capabilities. He said this was standard military practice. When a military commander started an offensive the stated objective was always somewhat beyond what was actually expected of the troops. If this were not done, the troops would stop short of even the limited objective.

Mr. Bowie said that if the objective were to be included, he thought the best place for it was as an introductory sentence at the beginning of the Policy Conclusions in paragraph 3 on page 5. He suggested that it read "It would be in the interest of the U.S. to seek the reorientation of the Chinese Communist regime or its ultimate replacement by a regime which would not be hostile to the U.S.". Then the present opening sentence of paragraph 3 would become the second sentence of the paragraph, prefaced by the connecting word "However".

General Smith said that he did not see any need for using the conditional tense when we were stating an undoubted fact. Hence we should say "it *is* in the interest of the U.S. to seek . . .".

Mr. Bowie felt that we could properly use the conditional in view of the fact that we saw no possibility of the dislodgement of the regime.

General Smith said that no one could tell what was possible. Surprising upsets had occurred before and might occur again. A statement of fact should be declaratory and not conditional. He did not intend to oppose the Joint Chiefs on this issue at the NSC meeting.

Mr. Elbrick [1] pointed out that in subparagraph 5, on page 8 it was provided that the U.S. should "continue to exert free world political and economic pressures against Communist China". He thought the implication that the U.S. unilaterally could exert free world pressures, was unfortunate.

Mr. Bowie pointed out that subparagraph 5i. made it clear that we would "attempt to convince the other members of the free world" of the advisability of their adopting policies similar to ours.

However, it was agreed that since 5g. was a separate subparagraph, Mr. Elbrick's point had merit. The objection was met by agreeing to recommend the deletion of "free world" for sub-paragraph 5g. Thus it will read "continue to exert political and economic pressures . . . ".

Mr. Robertson, who arrived late, pointed out that no thought had been given to the second objection raised by the Joint Chiefs in

[1] Charles Burke Elbrick, Deputy Assistant Secretary of State for European Affairs.

their memorandum of November 3, namely that we fail to mention support for the Chinese National Government as the representative of China in the UN and other international bodies and continued efforts to persuade other nations to adopt similar positions.

Mr. Murphy thought that the general diplomatic and political support of the Chinese National Government by us mentioned elsewhere, implied support of the Chinese position in the UN. However, he did not object to a specific reference to the support of China in the UN.

Mr. Bowie also agreed to this addition but felt that it was unnecessary to mention "efforts to persuade other nations to adopt similar positions" since this was covered in the following subparagraph 5 "i".

It was then agreed that the Department would advocate the insertion of the following words at the end of the first clause of subparagraph 5h. "and the representative of China in the UN and other international bodies;".

2. NSC–146/1 "U.S. Objectives and Courses of Action with Respect to Formosa and the National Government of China"

Mr. Bowie outlined in general terms the objectives and courses of action set forth in NSC–146/1. He mentioned that it was an agreed paper which had been cleared throughout the Department and by all the members of the NSC Policy Planning Board.

General Smith asked a few questions about total planned expenditures for the assistance programs and the military strength goals, with particular reference to the figures for jet and conventional aircraft.

General Smith said that he believed that serious consideration should be given to building up the total forces on Formosa to 500,000 rather than 350,000. He said that he thought of Formosa as a sort of unsinkable aircraft carrier containing a strong reserve fighting force which would add appreciably to US-allied strength in the area. He believed it was important that we have sufficient control over these forces to insure that they would not be employed in ways contrary to U.S. interest. He thought that this control could be insured in a negative way so long as the Chinese Government did not have the transport vessels or the air and naval strength to attempt a major adventure on the Chinese Mainland not sanctioned by the U.S. He thought that the proposed program was acceptable.

No amendments to the paper were proposed.

No. 147

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 169th Meeting of the National Security Council, Washington, November 5, 1953 [1]

[Extracts]

TOP SECRET EYES ONLY

The following were present at the 169th meeting of the National Security Council: The President of the United States, presiding; the Under Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration, and the Acting Director, Office of Defense Mobilization. The Vice President was not present at the meeting because of his absence from the country. Also attending the meeting were the Secretary of the Treasury; the Secretary of Commerce (for Items 2 and 3); the Director, Bureau of the Budget; the Secretary of the Army; the Secretary of the Navy; the Acting Secretary of the Air Force; General Ridgway for the Chairman, Joint Chiefs of Staff; the Acting Chief of Naval Operations; the Acting Chief of Staff, U.S. Air Force; the Acting Commandant, U.S. Marine Corps; the Assistant Secretary of Commerce (for Item 3); Robert R. Bowie, Department of State; the Director of Central Intelligence; the Deputy Assistant to the President; Robert Cutler, Special Assistant to the President; C.D. Jackson, Special Assistant to the President; the Assistant to The Assistant to the President (for Items 1, 2, 3 and 4); the Acting White House Staff Secretary; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the chief points taken.

1. Significant World Developments Affecting U.S. Security

The Director of Central Intelligence informed the Council that no fundamental change in Sino-Soviet relations had occurred since Stalin's death. He pointed out that China's position in the Soviet bloc was not that of a satellite, but that the great dependence of the Chinese on Soviet assistance made it likely that the alliance would remain firm. Mao Tse-tung, Mr. Dulles noted, had a very special status among the heads of the Soviet-bloc states, and Soviet personnel in China, which probably numbered between 20 and 30 thousand, made every effort to avoid direct interference in Chinese affairs.

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[1] Drafted by Gleason on Nov. 6.

Mr. Dulles went on to point out that the Soviet Union no longer seemed to be disputing Peiping's authority in such border regions as Manchuria, Sinkiang, and the like. The exception, of course, was Port Arthur, which, however, was covered by a special agreement. [2] Mr. Dulles further pointed out that the Kremlin did not really need to exercise direct control over China. The latter was Moscow's only voluntary and genuine ally. It willingly follows the Soviet lead in foreign affairs. There were no discernible differences in this area between the two powers, who actually, for the time being, had common aims in Asia. There was no evidence of any dispute between the Soviets and the Chinese Communists as to the direction of the Vietminh cause in Indochina. Although Chinese Communist aid to the Vietminh had risen to a level of 1000 tons a month, no military adventure along Korean lines by the Chinese Communists seemed in prospect. Mr. Dulles thereafter discussed in some detail, and with the assistance of a chart, the very considerable Soviet deliveries to Communist China of military equipment, industrial equipment, and petroleum products. Of total Communist Chinese imports for 1952 and 1953, Soviet Russia had supplied 53%, the Soviet satellites 10%, and the West 28%. The one remaining difference to be observed in the propaganda lines of the USSR and Communist China was on the status and stature of Mao Tse-tung and the latter's contribution to Marxist-Leninist theory and practice. This difference, which had once been notable, was now much less significant, thanks to concessions made by the Soviets to Mao's contributions. From these facts and judgments, Mr. Dulles deduced as conclusions that no early weakening in the Sino-Soviet alliance was to be anticipated. There was little prospect of Titoism in China. . . . .

The National Security Council: [3]

Noted an oral briefing by the Director of Central Intelligence on the subject, with specific reference to Communist China and its relationship with the USSR.

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[2] See footnote ‡, Document 50.

[3] The following paragraph constitutes NSC Action No. 950. (S/S–NSC (Miscellaneous) files, lot 65 D 95, "Record of Actions by the National Security Council, 1953")

2. U.S. Economic Defense Policy Toward Hong Kong and Macao (Memos for NSC from Executive Secretary, same subject, dated October 19 [4] and November 4, 1953; [5] NSC 152/2 and NSC 122/1)

Mr. Cutler explained the purpose of the new policy, and called the Council's attention to the comments thereon by the Joint Chiefs of Staff, who had stated their preference for the more detailed guidance on this subject provided by NSC 122/1, which would be superseded if the present paper were adopted. He then called upon the Secretary of Commerce [6] to speak to the report.

Secretary Weeks replied that the Department of Commerce looked with favor on the greater latitude which would be permitted by adopting the present report as presented by the NSC Planning Board. He then suggested that Assistant Secretary Anderson [7] would provide specific details.

Secretary Anderson said that he had two points to make an illustration of Secretary Weeks' general position. The first of these was that the Government of Hong Kong was now acting in a much more effective manner in exercising the necessary controls over trade with Communist China. Secondly, the more detailed policy set forth in NSC 122/1 contained a directive to determine the domestic requirements of Hong Kong. In practice it had proved extremely difficult to make such a determination.

Governor Stassen also stated that he was satisfied with the manner in which the authorities in Hong Kong cooperated with the objectives of the United States, and with the manner in which they were imposing the controls over trade with China which the United States thought requisite.

Secretary Wilson said that the Defense Department regarded the problem of trade between Communist China on the one hand and Hong Kong–Macao on the other, as inherently a detailed and complicated problem. For this reason, he preferred the detailed guidance which had been provided by NSC 122/1, and feared that if it were superseded by the present more general statement, the

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[4] Lay's Oct. 19 memorandum has not been found in Department of State files, but references to it indicate that it recommended that NSC 152/2 (see Document 131) should be amended by the addition of three paragraphs and that the amended paper should supersede NSC 122/1 (Document 6). The proposed paragraphs were included in NSC 152/3, "Economic Defense," Nov. 6, 1953; see footnote 10, below.

[5] Lay's Nov. 4 memorandum enclosed a memorandum of Nov. 3 from the Joint Chiefs of Staff to the Secretary of Defense endorsing the proposed additions to NSC 152/2 but recommending that NSC 122/1 should not be superseded. (S/S–NSC files, lot 63 D 351, NSC 152 Series)

[6] Sinclair Weeks.

[7] Assistant Secretary of Commerce for International Affairs Samuel W. Anderson.

United States would drift into ways of dealing with Hong Kong which were more lax.

The President repeated the position which he had often taken earlier on such problems, namely, that the only sensible course of action for the United States was to apply the criterion of "the net gain". What do we get out of this policy in terms of what we put in? Trade, said the President, was one of the most powerful weapons of the diplomat. Since Mr. Allen Dulles had just been stressing the importance of trying to weaken the Sino-Soviet alliance, it seemed to the President that trade might be a very useful tool in accomplishing this purpose. In any case, he continued, there was no profit in blindly adhering to a rigid set of rules and methods of dealing with trade with Communist China. We should instead have freedom to act in such a manner as would contribute most to our own advantage in any transactions with Communist China. In fact, the President recommended such a procedure not only with respect to China, but throughout the world. Indeed, he said facetiously and in order to make his point, he would be willing to send jet aircraft to the Chinese Communists if it could be shown to our net advantage, although of course, he added, he could not conceive of any return to the United States which would suitably balance jet planes. The President said also that we could not afford to forget about Japan and its need for economic viability in any discussion of Communist China. If, said the President, we could get the Japanese to send harmless manufactured goods, such as crockery, knives and forks, and wholly non-strategic materials, and sell them to China, this would serve the dual purpose of relieving Communist China's dependence on the USSR and Japan's dependence upon our own Treasury. In conclusion, the President emphasized once again his desire to see, in this and in all similar policy reports, the concept of "net advantage". Papers on such subjects should, of course, strictly control trade with Communist countries in items of clearly strategic significance, but should otherwise provide maximum freedom in permitting a good bargaining position for the United States.

Secretary Wilson continued to state his preference for the statement of policy in NSC 122/1, even though Mr. Cutler pointed out that if experience proved that the new policy was disadvantageous, the Defense Department should feel free to come back and report its findings to the Council. Secretary Wilson also explained his anxiety lest a considerable resumption of trade between Communist China and Japan eventuate in Japanese recognition of Communist China.

The President replied that he was not greatly concerned about this prospect, and Mr. Cutler attempted to reassure Secretary Wilson that the new paper contemplated maintaining a strict em-

bargo on U.S. exports to Communist China, at least until such time as satisfactory settlements were achieved with the Communists in Korea and in other areas around Communist China.

The President expressed doubt as to whether such a strict embargo made sense even in the current situation, but Secretary Wilson stated that although he was a free trader in principle, we were, after all, fighting the Chinese Communists. It was pointed out to Secretary Wilson that the Department of Defense, together with all the other interested departments and agencies, had representation on the Economic Defense Advisory Committee, [8] which had prepared the new policy in the first instance.

The President said to Secretary Wilson that there seemed little purpose in setting up committees such as this, on which Defense was represented, if you cannot anticipate good judgment in the decisions and recommendations of such a committee. All that was needed to carry out a wise policy in this field was general guidance, and the President was convinced that the EDAC report and the Planning Board recommendations provided the requisite guidance.

The National Security Council: [9]

Adopted the recommendations with respect to NSC 152/2 and NSC 122/1 contained in the reference memorandum of October 19.

Note: The recommendations referred to above subsequently approved by the President. NSC 152/2, as amended, subsequently circulated as NSC 152/3. [10]

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[8] The Economic Defense Advisory Committee (EDAC) was an interdepartmental committee representing 11 agencies; its functions were to develop recommendations for U.S. security export controls and U.S. policy concerning the security export controls of other countries and to coordinate U.S. activities in this area.

[9] The following paragraph constitutes NSC Action No. 951. (S/S–NSC (Miscellaneous) files, lot 65 D 95, "Record of Actions by the National Security Council, 1953")

[10] NSC 152/3, "Economic Defense," Nov. 6, is identical to NSC 152/2 except for the addition of three paragraphs.

Paragraph 17 reads as follows:

"Hong Kong and Macao are colonies of friendly countries and their economic needs should be viewed in that light. However, the relationship of the economies of Hong Kong and Macao with that of Communist China is so close that the risk of the circumvention and frustration of economic defense controls toward Communist China is greater through transactions with these western colonies than through similar transactions with other free world countries. This danger is greater in the case of Macao because of its history of uncontrolled trade and the unreliability of its export controls. It is therefore necessary to take special care in the control of transactions with Hong Kong and Macao."

Paragraphs 37 and 38 read as follows:

"In applying controls, accord to Hong Kong treatment consistent with that generally accorded cooperating countries while employing such special care as may be necessary to prevent frustration of economic defense controls on transactions with Communist China.

Continued

3. United States Policy Toward Communist China (NSC 166; Memo for NSC from Executive Secretary, same subject, dated November 4, 1953) [11]

Mr. Cutler gave a detailed legislative history with regard to the problem of formulating U.S. policy on Communist China. He read and summarized the general considerations and the policy conclusions and courses of action in the current report, and referred to the two main proposals by the Joint Chiefs of Staff for a revision of the paper, including their suggestion that the paper would benefit by the inclusion of a statement that the United States had as an ultimate though not an immediate objective the removal of the present Chinese Communist regime and its replacement by a regime not hostile to the United States.

Secretary Smith said he had no objection to the policy "Carthago delenda est" or, in other words, to the long-range objective which the Joint Chiefs desired to include. The only reason for its omission was that the paper addressed itself to the current situation in Communist China, which offered very little prospect of upsetting the present regime.

The President said it was unfair of Secretary Smith to quote Latin at him when he was already suffering from a severe head cold. He nevertheless endorsed the introduction of the Joint Chiefs' suggestion, as Secretary Smith recommended, in paragraph 3.

General Ridgway stated that General Smith's language met the point raised by the Joint Chiefs of Staff.

Secretary Weeks said he felt it necessary to point out clearly to the members of the Council that the United States was meeting with increasing difficulties in its efforts to prevent our allies from expanding rapidly the volume of their trade with Communist China. Furthermore, businessmen and exporters in the United States were becoming restive as they watched businessmen in other countries gaining economic advantages from this trade, from which they themselves were excluded by their Government. Secretary Weeks said that Assistant Secretary Anderson would subsequently amplify and illustrate what he meant. Meanwhile this was a fact of life which the Council would do well to recognize as it discussed the problem of Communist China.

"To the same end apply more stringent controls on trade with Macao as may be appropriate."

The only copy of NSC 152/3 in Department of State files includes additions and revisions made between Nov. 6, 1953, and June 18, 1954, but related documentation in the NSC 152 file indicates that no changes were made in these paragraphs during that time. (S/S–NSC files, lot 63 D 351, NSC 152 Series) For text of NSC 152/3 as revised on June 18, 1954, see vol. I, Part 2, p. 1207.

[11] See footnotes 1 and 2, Document 145.

Mr. Cutler asked Secretary Weeks if his statement amounted to a proposal that we change our policy and ease our present restrictions on trade with Communist China, even before we had achieved a settlement in Korea. Secretary Weeks replied that he was making no proposals whatever, but merely calling the Council's attention to an indisputable fact.

Secretary Smith commented that Secretary Weeks was quite correct in calling the Council's attention to the virtual impossibility of forcing our allies to shun trade with China, and he thought it best to recognize this hard fact by revising paragraphs in the paper which seemed to anticipate a continuation of strict trade controls by our allies.

Governor Stassen concurred, and pointed out that it was going to be very difficult, for example, to prevent the export of antibiotics to Communist China by the nations of the free world. The Department of Commerce would presently have to make a decision as to whether the United States should not do likewise.

Secretary Wilson expressed himself as wholly confused by the trend of Council discussion on "this whole business". He was completely at a loss, he said, as to how you could love the Chinese Communists and fight them at one and the same time.

Secretary Humphrey replied that this was a matter of timing. East-West trade would ultimately have to be opened up. It would be disastrous to do this now in the light of the situation, but in due course we would have to contemplate it.

Secretary Wilson replied that he didn't know very much about these affairs and probably lacked experience, but as far as the Communists were concerned, he was willing to settle for the proposition that if they would stop aggression we would stop trying to undermine their regime. As for the rest of all this, it was too involved for him to see any clear guide.

Mr. Stassen pointed out that naturally this was a complicated problem, and that our policy vis-à-vis the Communists had to distinguish between our attitude toward the peoples of the Communist states and their governments.

The President, directing his remarks to Secretary Wilson, pointed out that things could not be as black-and-white as the Secretary wished. This was one more instance of the validity of the President's view of the "net advantage". The great difficulty, of course, was in the public relations aspect of any policy which involved trading with Communist China. Demagogues would raise a hue and cry about building up the economies of nations who would use their resources to kill our soldiers. Nevertheless, said the President, he shuddered to contemplate the hard and fixed rules which this Gov-

ernment was setting up to guide its policy on trade with the Communist powers.

Secretary Smith, speaking to the issue of trade between Japan and China, pointed out that we must ultimately contemplate a revival of this trade on a considerable scale, unless Secretary Humphrey was prepared to pay the bill for the support of Japan's economy and for the maintenance of her military defense.

Secretary Anderson then offered to illustrate the general point of the need for reviewing our stringent prohibition of trade with Communist China by special reference to antibiotics. If, said Secretary Anderson, we were prepared to loosen up on trade in these items, which the Chinese were desperately anxious to obtain and which our allies were anxious to sell them, it might result in our being able to induce our allies to restrict more effectively their trade with Communist China on items of genuine strategic importance. On the whole, this exchange, said Secretary Anderson, had much to recommend it in terms of the genuine advantage to the United States.

To this argument Secretary Smith added that the State Department was now very greatly concerned over the humanitarian aspect of our embargo on antibiotics. Now that the actual fighting in Korea had ended, the United States was going to be very hard pressed to withstand propaganda that it was deliberately withholding needed drugs from China.

The discussion ended with the proposal by Mr. Cutler for the insertion of language in a new paragraph 5–i to meet the point raised by Mr. Allen Dulles at the conclusion of the intelligence briefing.

The National Security Council: [12]

a. Adopted the statement of policy contained in NSC 166, subject to the following changes:

(1) Revise the introduction to paragraph 3 to read as follows:

"3. It would be in the interest of the United States to secure a reorientation of the Chinese Communist regime or its ultimate replacement by a regime which would not be hostile to the United States. However, in the absence of further Chinese Communist aggression or a basic change in the situation, the following policies are currently unacceptable to the United States:"

(2) *Page 8, subparagraph 5–g:* Delete the words "free world".

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[12] The lettered subparagraphs below constitute NSC Action No. 952. (S/S–NSC (Miscellaneous) files, lot 65 D 95, "Record of Actions by the National Security Council, 1953")

(3) *Page 8, subparagraph 5-h:* Insert, after "Government of China", the words "and the representative of China in the United Nations and other international bodies;".

(4) *Page 8:* Insert a new paragraph 5-i to read as follows, and change the present 5-i to 5-j:

"i. Employ all feasible means, covert and overt, to impair Sino-Soviet relations."

b. Agreed that the Economic Defense Advisory Committee should review, in the light of the discussion, current policy in NSC 152/3 with respect to U.S. controls on transactions with Communist China, and report to the Council the results of such review.

Note: The statement of policy contained in NSC 166, as amended, subsequently approved by the President, circulated as NSC 166/1,[13] and referred to OCB as the coordinating agency designated by the President. The action in b above subsequently transmitted to EDAC.

4. United States Objectives and Courses of Action With Respect to Formosa and the Chinese National Government (NSC 146/1; [14] Memos for NSC from Executive Secretary, same subject, dated November 3 and 4, 1953 [15])

Mr. Cutler sketched the background of previous Council efforts to formulate a policy on this subject, and briefly explained the main points and chief issues in the present draft report.

At the conclusion of Mr. Cutler's remarks, Secretary Wilson inquired whether the proposed policy statement on Formosa was to be viewed as a temporary policy of expediency or a long-term policy. Mr. Cutler replied that of course every policy recommended to the President by the National Security Council was subject to review, but that the present policy would presumably stand, if approved, until the Council decided to change it. It was only in that sense that it could be described as an interim policy.

Secretary Wilson said that he thought the present policy had more of an interim character than Mr. Cutler had ascribed to it. What, for example, would the United States do when Chiang Kai-shek disappeared from the scene?

Mr. Cutler expressed some hesitation in answering this question, but said he presumed that we would recognize whoever turned out to be Chiang's successor as head of the Chinese National Govern-

[13] Dated Nov. 6, Document 149.

[14] See footnote 2, Document 144.

[15] Lay's memorandum of Nov. 3 enclosed a Financial Appendix to NSC 146/1, prepared by the Department of Defense, with figures on aid to Formosa during fiscal years 1951-1956; his Nov. 4 memorandum enclosed a JCS memorandum of Nov. 3 to the Secretary of Defense stating that they found NSC 146/1 satisfactory from the military point of view and recommended his concurrence in it. (S/S-NSC files, lot 63 D 351, NSC 146 Series)

ment. Secretary Wilson answered that of course we could recognize Chiang Kai-shek as the ruler of the Island of Formosa, but we would soon have to take a more realistic view of the status and power of the Generalissimo, who, in Secretary Wilson's view, was very much like the Pretenders to various vacant thrones in Europe and no more likely than these ever to recover his lost power and position in China. In other words, said Secretary Wilson, we have just got to get ourselves off the hook of imagining and treating Chiang Kai-shek as the potential ruler of mainland China. Mr. Cutler said he thought he had better ask State to speak to this point.

Secretary Smith stated that while there was much realism in the views that Secretary Wilson had expressed, there was for the time being no good alternative to our continued recognition of Chiang Kai-shek. To this remark, Secretary Humphrey added, speaking to Secretary Smith, "You mean, in other words, that we are stuck with it." Secretary Smith said yes, and the President said that we could not afford to restrict our recognition of Chiang Kai-shek to the mere leadership of Formosa.

Mr. Cutler then pointed out that the most controversial issues which had arisen in the Planning Board during the formulation of the present report had concerned paragraphs 12-a and 23, on the subject of military and economic assistance. To emphasize these issues, Mr. Cutler invited the Council's attention to the total figures for proposed U.S. assistance in these fields as set forth in the Financial Appendix to the report.[16] Some $50 million of added military assistance was proposed for Formosa in Fiscal 1955, and the question which had disturbed certain members of the Planning Board was whether this increase in military assistance was justified by what the Chinese National Government would be able to do in advancing United States objectives.

With respect to the Financial Appendix, the Director of the Budget[17] expressed doubts as to its completeness and validity. He pointed out that the Financial Appendix included no estimate to cover the costs of raids on shipping or on mainland China. Moreover, there was not even an assumption as to when the military forces we were equipping in Formosa would be ready for action or, indeed, where such military forces could be used outside of Formosa itself. Finally, Mr. Dodge said he was inclined to dispute the

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[16] According to the Financial Appendix, the total amounts programmed for military and economic assistance for Formosa (in millions of dollars) were as follows: FY 1951–1953, 802.6; FY 1954, 497.4; FY 1955, 410.8; FY 1956, 371.7; the total value of the actual and projected assistance to Formosa (in millions of dollars) was as follows: FY 1951–1953, 462.8; FY 1954, 333.7; FY 1955, 380.4; FY 1956, 347.7.

[17] Joseph M. Dodge.

statement that 350,000 men would be available when equipped by the United States. He believed the number considerably less.

Secretary Wilson expressed the firm opinion that we should start to slow down the rate of our assistance in building up these forces in Formosa. It might well prove eventually that the money being expended there was money being poured down a rathole.

Governor Stassen, however, took issue with Secretary Wilson on the value of Formosa, stressing among other things its symbolic value. It was, in his opinion, the Berlin of Asia, and should not be given up.

The President observed that as it seemed to him, and as he had said before, none of these policies should be based on any concept of working towards a specific date for D-Day readiness. Instead, we should attempt to build up over a long term. As for the Formosa paper, the considerable hike in the funds allocated for Formosa in Fiscal 1955 seemed to him to contemplate just such a D-Day readiness concept.

Agreeing with the President, Secretary Wilson suggested that instead of adding another $50 million for assistance to Formosa in Fiscal 1955, such an amount should be subtracted from what we were currently giving. The President said that this was more or less what he meant.

The President inquired what, precisely, we hoped to get as a result of the additional $50 million of assistance, and Governor Stassen replied that we hoped to be able to provide more jet aircraft and destroyer escorts for the Chinese Nationalist air force and Navy.

Mr. Dodge again expressed his concern over the lack of firmness in the Financial Appendix, and his added anxiety that the maintenance of such a considerable military establishment would completely upset the balance of the economy of Formosa.

It was pointed out that the Council did not actually give its approval to the figures in a financial appendix, and that the final figure would evolve from the normal budgetary process.

Secretary Humphrey then inquired whether Chiang Kai-shek really represented anything more substantial than a vague threat to mainland China. The President replied that in effect that was about it, but Mr. Cutler pointed out that this was perhaps not quite accurate, since in case of general war there were 350,000 Chinese Nationalist soldiers who might be very useful to the United States.

Secretary Smith warmly supported the point made by Mr. Cutler, and stressed the deterrent value of the threat posed by the existence of these armed forces on the Island of Formosa. He was certain that their mere existence was sufficient to hold down a considerable number of Chinese Communist divisions on the mainland

opposite Formosa. These divisions were at least not available for further aggression in Asia and on the whole, said Secretary Smith, he thought it would be cheaper for the United States to arm and maintain 500,000 soldiers on Formosa if that number of men were available. He said that he was not impressed with the argument that these Chinese Nationalist troops might never actually engage in combat. After all, we hope to God that the armed forces of the United States, which we maintain at such great cost, will never have to fight. So it was in the case of the Chinese Nationalists.

The President said that he realized the relevance of Secretary Smith's argument, but he still questioned whether we needed to increase the figure which we proposed to pay out in military assistance to Formosa. Would it not, he inquired, be better to leave the actual figure hazy and indefinite until such time as we can see something concrete in the way of a return for the money we propose to spend?

Mr. Cutler pointed out that there were really three choices open to the Council with respect to this issue of the amount of military assistance to be provided to Formosa. One, we could leave paragraph 12-a as it was now written. Two, we could revise the paragraph in order to stretch out the time at which we would achieve the desired goals or, three, we could fix on the precise amount of money which we would provide for military assistance.

Mr. Dodge thought none of these alternatives particularly desirable, and suggested a much more general phraseology which would prescribe the amount of military assistance to be provided Formosa in terms of "the U.S. national interest."

The President speculated that there presumably was a real need to increase the naval and air capabilities of the Chinese Nationalists. Just how much good this would do was not wholly clear to him, he repeated, but it would at least increase their capabilities for raids. General White [18] added, in response to a query of the President, that this would also provide a needed capability to assist in the air defense of the island.

Mr. Cutler again pointed out that the Council must decide whether it wished this military assistance continued at the present rate, at an increased rate, or at a lesser rate. Mr. Dodge's suggestion of a rate commensurate with the national interest, said Mr. Cutler, would be subject to so many different interpretations that it scarcely seemed practical.

Secretary Wilson, however, said he was inclined to agree with Mr. Dodge's general point of view. He was particularly concerned, he went on, that there was no prospect of replacements for this

[18] Lt. Gen. Thomas D. White, Vice Chief of Staff of the Air Force.

Chinese Nationalist army, which was, of course growing old; nor were there any reserves of consequence.

The President commented that it was vital to induce natives of Formosa to join this army; otherwise the whole thing would go to pot after a certain number of years. Nevertheless, said the President, he did not see how Mr. Dodge's suggestion would work as guidance for those in the departments and agencies of the Government who were charged with detailed planning.

After further discussion, Mr. Cutler suggested that the problem be met by the addition of a footnote to paragraph 12-a which would indicate that paragraph 12-a and the rate of military assistance to Formosa would be subsequently reviewed after the receipt of recommendations from the Secretary of Defense and the Joint Chiefs of Staff as to the level of forces and expenditure to be provided the Chinese National Government after the end of this fiscal year.

The National Security Council: [19]

Adopted the statement of policy contained in the reference report (NSC 146/1) subject to the following changes:

a. *Page 3, paragraph 11:* Revise the 2nd line to read as follows: "Government to develop and extend logistical support of ".

b. *Page 3, subparagraph 12-a:*

(1) Delete the word "present" in the first line.

(2) Insert an asterisk after the period at the end of the subparagraph.

(3) Insert a footnote to this subparagraph reading as follows:

"This subparagraph is subject to review in the light of recommendations by the Department of Defense regarding Chinese Nationalist force levels and the rate of military assistance to be provided the Chinese National Government beyond Fiscal Year 1954."

Note: The statement of policy contained in NSC 146/1, as amended, subsequently approved by the President, circulated as NSC 146/2, [20] and referred to OCB as the coordinating agency designated by the President. The Secretary of Defense subsequently requested to submit for Council consideration the recommendations referred to in the above footnote to subparagraph 12-a.

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S. EVERETT GLEASON

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[19] The paragraphs below constitute NSC Action No. 953. (S/S-NSC (Miscellaneous) files, lot 65 D 95, "Record of Actions by the National Security Council, 1953")

[20] Dated Nov. 6, Document 150.

No. 148

460.509/11-553: Telegram

The Ambassador in the United Kingdom (Aldrich) to the Department of State [1]

SECRET LONDON, November 5, 1953—8 p.m.

1963. Excon. UK raised question whether Paris committees [2] should not begin consider in near future form which China controls should take in event Far East settlement. US made statement (text being pouched) [3] to following effect: (a) strong position such review premature and unrealistic until further progress made toward Far Eastern settlement and clearer idea obtained re nature such settlement; (b) plans or alternatives based upon premature speculation might hamper application of best judgment when time for revising China controls did arrive; (c) danger such review becoming public knowledge thus adversely affecting current negotiations with Communist Chinese. UK inquired whether US at least willing discuss this problem in trilateral with French. US agreed but indicated would express same view. Also noted relationship this matter to tri-Foreign Ministry agreement [4] and understanding that question of review might be raised later by the Ministers or through diplomatic channels.

ALDRICH

[1] Repeated for information to Paris for the Office of the Special Representative in Europe.

[2] Reference is to the Consultative Group and its related working groups. U.S. and British representatives were holding bilateral talks in London in preparation for a pending meeting of the Consultative Group; for further documentation pertaining to these talks, see vol. I, Part 2, pp. 1039 ff.

[3] Under cover of despatch 1696, Nov. 9. (460.509/11-953)

[4] See telegram 259 to Bonn, Document 124.

No. 149

S/S–NSC files, lot 63 D 351, NSC 166 Series

Statement of Policy by the National Security Council [1]

TOP SECRET WASHINGTON, November 6, 1953.

NSC 166/1

[1] A covering note of Nov. 6 from Lay to the National Security Council stated that the President had that day approved the statement of policy, which superseded paragraphs 6–a and 8 of NSC 48/5 (see footnote 5, Document 86). It also stated that an NSC staff study (see enclosure, below) was enclosed for the Council's information.

U.S. Policy Towards Communist China

[Here follows a table of contents.]

GENERAL CONSIDERATIONS

The Problem

1. The emergence of a strong, disciplined, and revolutionary communist regime on mainland China has radically altered the power structure in the Far East. With the minor exceptions of Hong Kong and Macao, American, Japanese, and European power and influence has been abruptly extruded from the whole vast area between the Amur, the Himalayas and the Gulf of Tonkin. Simultaneously, Russian influence has been abruptly advanced southward to areas in which neither the Czars nor the Soviets have hitherto had more than passing influence—China south of the wall, China south of the Yangtze, and Southeast Asia. The primary problem of U.S. foreign policy in the Far East is to cope with the altered structure of power which arises from the existence of a strong and hostile Communist China, and from the alliance of Communist China with the USSR. (1) [2]

Elements of the Problem

2. In sum the elements of the problem with which U.S. policy toward Communist China must cope are:

a. The Chinese Communists have established strong, centralized political control over mainland China; and have so far succeeded in coping with their economic problems. They may face political pitfalls in the future, and there are limits on their capacity to achieve a strong, modern economy; but for the foreseeable future it is probable that they will continue to make some progress in developing the economic and political strength of their regime. The Chinese Communists have considerable military capabilities, which for the present are largely dependent upon Russian assistance. Their capabilities are sufficient to make invasion of China very costly, and to require the commitment of major U.S. and Western resources to counter further military adventures undertaken by the Communists outside their present area of control. (3–18)

b. The nationalist and Communist imperatives of the Peiping regime impel the Chinese Communists toward eventual recapture of the historically Chinese territories which the U.S. and the West now hold or protect; toward eventual expulsion of Western or Western-allied forces from adjacent mainland areas; and toward substitution of Chinese Communist influence for that of the West in the other areas of the Far East. Even if particular Far Eastern issues were resolved to the satisfaction of Peiping, the Chinese

[2] A note in the source text indicates that parenthetical references are to paragraphs of the staff study.

Communists, as Communists, would continue to maintain a basic hostility to the West in general and the U.S. in particular. (19–25)

c. The Sino-Soviet partnership is based on powerful ties of common ideology and mutual interest between the Soviet and the Chinese Communist regimes; it has proved of considerable value to both partners; the conflicts of interest of both partners with the non-Communist world are for the present much more intense than conflicts of interest between the partners. There are hazards for the alliance in both the short and the long term which center on the relationship between the partners. But the potential dangers to the alliance will stem primarily from the inner workings of the partnership and only secondarily from the nature of external pressures or inducements. (26–33)

d. Non-Communist Asia, with the possible exception of Indochina, can, under conditions of continued Western assistance, cope with the present level of Chinese Communist and native Communist pressures. Non-Communist Asia has the potential of developing considerable strength, particularly at the extreme ends of the East Asian periphery in Japan and India. This potential cannot, however, be rapidly realized. Non-Communist Asia will continue to require Western protection against Communist military attack. (34–45)

e. Although U.S. capabilities for exercising pressures inside as well as outside China are limited, the United States through economic restrictions and through persuasion of its Allies to exercise similar restrictions, can impose difficulties and delays upon Chinese Communist efforts to achieve industrialization and oblige the USSR to continue to carry the burden of assisting Communist China. The United States, through political measures, can impose impediments to general international acceptance of the Chinese Communist regime, thus reducing Peiping's effectiveness in rendering propaganda support to the USSR and forestalling an increase of Chinese Communist prestige. (46–55)

POLICY CONCLUSIONS

3. It would be in the interest of the United States to secure a reorientation of the Chinese Communist regime or its ultimate replacement by a regime which would not be hostile to the United States. However, in the absence of further Chinese Communist aggression or a basic change in the situation, the following policies are currently unacceptable to the United States:

a. *The overthrow or replacement of the Chinese Communist regime by the use of U.S. armed force.*

In view of the political and military capabilities of the Chinese Communists, the importance to the Soviets of the Chinese Communist connection, and the attitudes of the major allies of the United States, such an attempt would involve: (4–8, 16–18, 28–29, 46–47, 56–57)

(1) Full U.S. mobilization.
(2) Heavy casualties.

(3) The deployment of a major proportion of U.S. armed forces to the China theater.

(4) Possible use of a significant proportion of the U.S. atomic stockpile and employment of a major proportion of its atomic carriers.

(5) Almost certainly a split of the U.S.-led coalition.

(6) Probability of military intervention by the USSR and a very high risk of global war.

b. *Support with U.S. forces of an attempt by the Chinese Government on Formosa forcibly to overthrow the Chinese regime.*

Such support would necessarily involve such extensive use of U.S. armed forces as would result in substantially the same costs and risks for the United States as a U.S. attempt. (4–8, 16–18, 28–29, 42, 56–57)

c. *Concessions to Communist China designed to overcome the regime's basic hostility to the West.*

The United States cannot maintain its security position in the Far East if it makes concessions sufficient to satisfy Chinese Communist ambitions, which include: (1) the recovery of Formosa and other historically Chinese territory, (2) the withdrawal of Western armed forces from areas contiguous to China, and (3) the substitution of Chinese Communist influence for Western influence in other areas of the Far East. In any case, U.S. concessions would not necessarily alter the deep ideological hostility of the Chinese Communists to the United States and the West or destroy the Sino-Soviet Alliance. In fact, there is no evidence that lesser concessions of an economic and prestige nature would induce the Chinese Communists to agree to settlements of major outstanding issues acceptable to the United States. (19–25)

4. In the absence of further Chinese Communist aggression or a basic change in the situation, the policy of the United States toward Communist China should currently be to seek, by means short of war to reduce the relative power position of Communist China in Asia:

a. Primarily by developing the political, economic and military strength of non-Communist Asian countries. (34–45)

b. At the same time by weakening or at least retarding the growth of Chinese Communist power in China. (53–54)

c. By impairing Sino-Soviet relations. (52)

5. To carry out the policy stated in paragraph 4 the United States should:

a. Maintain the security of the off-shore island chain. (48–49)

b. Be prepared to prevent, with the use of U.S. armed forces if necessary and feasible, further territorial expansion elsewhere by the Chinese Communists. (48–51)

c. Assist, where necessary, non-Communist governments in the Far East to counter Communist subversion. (37–40)

d. Foster strong and healthy non-Communist governments in the Far East, particularly in Korea, Formosa and Indochina, which border on Communist China. (34–44, 55)

e. Assist in the development of the political, military and economic strength of Japan and, on a selective basis, of other non-Communist Asian countries where a practicable basis for such development exists. (34–44, 55)

f. Continue to explore the potentialities of collective arrangements in the Pacific area and to encourage the countries of this area to resolve their differences and overcome other obstacles to cooperation in the area. (45)

g. Continue to exert political and economic pressures against Communist China, including unconventional and covert pressures, at least until settlements satisfactory to the United States can be achieved in the areas around Communist China. (53–54)

h. Continue to recognize and support the Chinese National Government on Formosa as the Government of China and the representative of China in the United Nations and other international bodies; assist it in achieving increased support from all non-Communist groups; and increase the effectiveness of its armed forces for action in defense of Formosa, for raids against the Communist mainland and seaborne commerce with Communist China, and for such offensive operations as may be in the U.S. interest. (42, 54)

i. Employ all feasible means, covert and overt, to impair Sino-Soviet relations.

j. Attempt to convince the other members of the free world of the soundness of U.S. policies toward Communist China and of the advisability of their adopting similar policies, without, however, imposing such pressures as would be seriously divisive. (54, 56–57)

[Enclosure]

NSC Staff Study on U.S. Policy Toward Communist China

THE PROBLEM

1. The emergence of a strong, disciplined, and revolutionary Communist regime on mainland China has effected a radical alteration of the power structure in the Far East. With the minuscule exceptions of Hong Kong and Macao, American, Japanese, and European power and influence has [*have*] been abruptly extruded from the whole vast area between the Amur, the Himalayas and the Gulf of Tonkin. Simultaneously, Russian influence has been abruptly advanced southward to areas in which neither the Czars nor the Soviets have hitherto had more than passing influence—China south of the wall, China south of the Yangtze, and Southeast Asia. The primary problem of U.S. foreign policy in the Far East is to cope with the altered structure of power which arises from the

existence of a strong and hostile Communist China, and from the alliance of Communist China with the USSR.

ELEMENTS OF THE PROBLEM

2. The objectives which the U.S. can reasonably set for itself in coping with this problem, and the courses of action which it can prudently adopt to achieve those objectives, are necessarily conditioned by the elements of the problem. The elements of the problem to which the U.S. must address itself are: (a) the present and prospective capabilities—political, economic, and military—of Communist China; (b) present and prospective Chinese Communist intentions toward non-Communist Asia and the West; (c) the nature and prospects of the Sino-Soviet connection; (d) present and prospective capabilities of non-Communist Asia; (e) the scope and limitations of U.S. and Western capabilities with respect to Communist China; (f) the bearing of U.S. policy toward Communist China on U.S. relationships with the Free World.

CHINESE COMMUNIST CAPABILITIES

Achievements

3. If the Peiping regime is judged solely on the basis of its achievements, its capabilities must be assessed as formidable. In the course of half a decade the Chinese Communists have succeeded in defeating and replacing the National Government of China on the mainland, in consolidating, extending, and intensifying the control of the central administration, and in largely rehabilitating the Chinese economy, while at the same time undertaking a Communist political and social revolution of vast proportions. The Chinese Communists have:

a. Conquered all of China except Taiwan, including Manchuria, Sinkiang, and Tibet.

b. Destroyed organized Chinese Nationalist military strength on the mainland and reduced banditry to its lowest level in recent Chinese history.

c. Eliminated most of the Nationalist political influence on the mainland.

d. Imposed centralized administrative and military controls on China, including areas that were able to preserve autonomy under the dynasties and under the Republic; extended these controls into every aspect of Chinese life, including the villages, which under previous forms of Chinese government had only indirect contacts with the central administration.

e. Executed a radical and often violent redistribution of land and in the process upset traditional political and economic patterns, broken the economic power of the landlords and rich peasants, destroyed the prestige and leadership position of the rural gentry,

and established the new Communist cadres in an effective position of leadership.

f. Established a system of taxation and state controls over production and marketing of agricultural products and gained a firmer hold on Chinese agrarian output than has been achieved by any previous Chinese government.

g. Extended state ownership of key industrial enterprises and established state control over most raw materials and labor, and reduced the private sector of urban enterprise to economic and political impotency.

h. Created a massive and centrally-directed apparatus of propaganda, indoctrination, and terror, involving the full-time employment of 3–5 million persons and mass organizations with a membership of over 100 million persons, to control the Chinese population.

i. Initiated an attack upon basic traditional Chinese institutions and values, such as filial piety, feminine subservience, family and clan loyalties, localism, and philosophical and religious humanism; and achieved initial successes in replacing these values with those of the Communist dialectic among important segments of the Chinese population, particularly the youth.

j. Created numerous Soviet-type institutions: model agricultural collectives, state farms, and countless agricultural cooperatives that are designed as precursors for universal collectivization, as well as urban industrial combines patterned in organization, labor practices, and production techniques on Soviet industry.

k. Attained a position of leadership among Asian Communist movements and regimes and supported some of these with aid and technical assistance.

l. Fought a three-year war, confined to Korea, against UN forces, while at the same time accelerating the totalitarian organization of the Chinese polity and economy.

m. Established a close working relationship, based on common ideology and mutual power interest, with the USSR in the face of Chinese nationalism and ethnocentrism.

Political Prospects

4. In the course of these achievements, the Chinese Communist Party was able to transform itself from a hard-core, rural-based, peasant-supported guerrilla movement into the ruling elite of the largest population of the world. It accomplished this without loss of cohesiveness and discipline among its top leadership and without loss of standing within the world Communist movement. In fact, the Chinese Communist Party stands alone among major Communist movements in having survived a war and post-war periods without top-level purges and major shakeups and in having established for itself a position of prestige and independence within the Communist bloc.

5. It is obvious that Chinese Communist achievements can in large degree be attributed to factors other than the political competence of the Chinese Communist leaders. The Chinese Communists

have had the advantage of operating in a fluid and revolutionary situation. They have benefited from the collapse of traditional Chinese civilization under the political, economic, military and cultural impact of the West in the 19th and 20th centuries. They have benefited from the dislocation and nationalistic impetus which accompanied the Japanese war and occupation. They have benefited from the political and military ineptness and loss of will of the Chinese Nationalists in the post-war period of political competition and civil war. They have benefited from the defeat and dismemberment of the Japanese Empire, the wartime weakening of the European colonial powers, and the immediate post-war lassitude of the United States. They have benefited from the Soviet example, from Russian assistance, and from their alliance with the USSR.

6. It is also obvious that the Chinese Communists are confronted by political problems of major proportions. Already, in fastening totalitarian controls upon the Chinese population, in undertaking the building of an industrial economy on the slim margins afforded by the agrarian economy, in undertaking their assault on traditional social forms and values, the Communists appear to have alienated considerable segments of the populace since their initial conquest of China. In spite of continuing Communist success in mobilizing the loyalty of the party, the army, and the youth, there is evidence that increased taxation and regimentation has stimulated peasant opposition, that intellectual and professional groups are disaffected by a drop in their standard of living and by the campaigns of terror and intimidation, that merchants and petty shopkeepers are resentful of the heavy taxes and government competition, and that there is a widespread repugnance to interference with personal and family life, enforced frequent attendance at meetings, and the general atmosphere of fear. The Communists have sacrificed popular support in the interest of establishing rigid controls, while retaining the loyalty of certain key groups. Although the history of modern totalitarian regimes offers us little comfort as to the consequences of such a shift, the Communists do face the difficulties potentially inherent in operating on a narrower base of popular support.

7. The long term holds even more critical political problems for the Chinese Communists. They face the task of coping with the slackening of spirit, dedication and unity which almost unavoidably follows the achievement of power by a revolutionary party. They are far from conquering, and may encounter perilous difficulties in overcoming, the tenacious forces of Chinese traditionalism and particularism. The very magnitude of their success in erecting a completely centralized administration poses for them the potential problem of estrangement between an isolated, highly organized

central leadership and the vast population of the broad reaches of China. The Chinese Communists face eventually that problem of succession to a strongly entrenched personal leader which the Russians have already encountered. They face also the complex of internal Chinese political problems which may arise from continued Chinese Communist conformity to Soviet policy and guidance—problems stemming from Chinese nationalism, from the political stature and ambitions of the Chinese Communist leadership in the international Communist movement, and from the potential conflicts between Chinese and Soviet national and party interests. Most important, the Chinese Communists face the political hazards of attempting to force the rapid development of an industrialized economy by gross governmental extortion of the substance of a population which already is hardly at a subsistence level.

8. It would be foolhardy to prophesy that the Chinese Communists will successfully surmount the variety of political difficulties which they will unavoidably encounter if they pursue their present policies. But it would be equally foolhardy to assume that they will not. The history of China through the centuries demonstrates that there is no basic incompatibility between rigidly orthodox, doctrinal, authoritarian government and the Chinese temperament. Historically China is accustomed to rule by bureaucracy and the Chinese have been wont to have standards of personal conduct and habits of personal thought set by the bureaucracy. The Chinese Communists have demonstrated considerable capacity to cope with the political problems they have thus far encountered, and their monopoly of media, of information and of instruments of propaganda and terror will assist them in attempting to surmount their political difficulties. Unless and until they encounter problems with which they cannot cope, it is only wise to assess their political capabilities as formidable.

Economic Prospects

9. Chinese Communist economic effort has thus far been addressed most importantly to the task of reorganizing and rehabilitating the economy which they inherited. At the time of the takeover the levels of agricultural and industrial production, the stability of the currency, and the general condition of the transportation system in China had reached a very low point as a result of eight years of war against Japan and four years of civil war. Consequently, the mere restoration of peace and order to the countryside and relief from the accumulated destructive pressures of war and rebellion would have enabled the industrious Chinese people to make significant economic gains as compared with 1949. The Communists have restored agricultural production to something approximating

prewar levels. While the rehabilitation of industry has been less complete, largely due to the dimensions of the task imposed by the casualties which the Japanese-developed industrial plant in Manchuria incurred from Russian removals and civil war, the Chinese Communists have made considerable progress in the direction of prewar output. The Chinese Communists have also successfully rehabilitated and extended somewhat the modest railroad network of China, facilitating an expansion in domestic trade and a broadening of local markets. The regime has undertaken a highly publicized, but relatively modest, public works program, particularly in the field of flood control and irrigation.

10. While total output has been rising, the Chinese Communists have instituted fiscal practices which, supplemented by confiscation, extortion, and political pressure, have restrained a rise in consumption and enabled the regime to secure an increasing volume of resources with which to support the burgeoning bureaucracy, the Korean war, and a modest but expanding investment program. Some of these resources, such as the foreign currency, gold and silver hoards which were forced out of private hands, heavy capital levies on business firms in the guise of fines, and other revenues from confiscated lands and holdings of the Chinese National Government and its officials, are no longer available to fill the coffers of the regime. Special demands for revenue from now on must be met largely from current national income. The Communists have taken over for the state the major portion of industry and transportation and have organized state controls over the production and marketing of the products of the remaining industrial sector of the economy. They have also implemented a rigorous system of farm tax collections and organized state controls over the marketing of the products of the agricultural sector of the economy.

11. The Chinese Communists have secured for the present a stable economy with the capacity for a moderate investment program. Although there are indications that Peiping already has had to scale down initial objectives, barring the dissipation of resources through major agricultural disasters, involvement in a large-scale war, or misallocation of resources through an over-ambitious investment program, it would appear that the regime could be expected to embark on a modest 5-year program without major economic mishaps. Despite a moderate investment program, several factors suggest that the Chinese Communists within this short-run period may secure respectable increases in output. With the skill and ruthlessness in manpower organization demonstrated by the Chinese Communists, it is not unlikely that the underemployed labor in agriculture can further be drawn into production through expanded public works and other programs without large inputs of

capital. Moreover, with Communist China's present obsolete and underdeveloped industrial plant, a relatively high return of output for investment may be expected if investment is directed at modernization and consolidation of the existing industrial complex. The pronouncements of the Chinese Communists on their 5-year plan suggest that this is the sort of program they have in mind, and on this basis a realistic appraisal of Communist China's economy five years hence, even with continued Western trade controls, might well be that an increase in output, although with little change in the structure of the economy, will have been achieved, and that the capacity for capital formation will have improved.

12. Over the long-term period, however, Communist China faces several major economic obstacles. Demography poses for the Chinese Communists a major economic and political hazard. The population of some 475,000,000 has been limited in its growth by the classic Malthusian checks of disorder, pestilence and famine. The political necessities of the Chinese Communists have impelled them to restore order, to undertake extensive campaigns for mass literacy and public health which reduce the efficacy of the mass killers, and to devise for governmental purposes methods of accumulating and distributing food which also tend to counter famine. The Communists are willy-nilly intensifying the problem of population growth.

13. Chinese Communist attempts at industrialization will necessarily place upper limits on population increase. Investment capital must primarily come out of agricultural production, and capital formation will necessarily impose limits on consumption and thus upon population growth. But present and continued increases in population will obviously create difficulties for the process. At best, by reason of increased numbers of mouths to feed, the task of capital formation will be more costly. Almost unavoidably the effort to mobilize investment capital for the state will increase requirements for widespread and costly security controls in the countryside. And there is always the political hazard that the increased extortions of the state and forced limitations on consumption will lead to rural resistance or peasant revolt.

14. The ambitious schemes of the Chinese Communist regime for industrialization must also reckon with the relative paucity of China's natural resources. Although China possesses large, high-grade coal deposits, iron ore reserves are relatively modest and much of these deposits is either low-grade ore or poorly situated in relation to coal deposits. Moreover, China appears to be deficient in oil and (with the exception of tin, tungsten and antimony) other essential minerals. Apart from minerals, there are no large amounts of uncultivated arable land, while timber resources, located primar-

ily in Manchuria, are meager. The limited nature of these resources indicate, first, that although China may industrialize greatly over its present level the prospects are unlikely that China will become a major industrial power, and second, that the process of industrialization will be relatively costly owing to the high developmental and operating costs involved in exploiting limited and low-grade resources and owing to the limitations of Chinese technical and managerial skills.

15. In assessing the economic prospects of the Chinese Communists, and the political implications of those prospects, it is wise to admit that the Communist regime has thus far shown adeptness in attacking its economic problems. The Communists have managed to secure effective control over the agricultural output, and in the process have avoided methods which would provoke violent resistance. They are moving ahead with a variety of rural cooperative organizations which step by step they are guiding in the direction of collectivization, particularly in the grain growing and industrially important region of Manchuria. In general, however, they have avoided forcing the pace to a point where they prematurely arouse the constant sensitivity of the peasant about his ownership of land. They have proceeded more ruthlessly in the direction of complete state control of trade and industry, but have timed their confiscations and encroachments according to a judicious calculation of the diminishing political risks which they encounter from the increasingly impotent middle class. They have concocted ambitious plans for industrial development, but have not hesitated to trim them as the costs or risks appeared too great. The Communists face Herculean tasks in the economic field. It seems unlikely that they can soon achieve a modern economy or major economic capabilities. And if the Communists move too fast their victories may well be Pyrrhic. As yet, however, there is not sufficient ground for estimating that the regime will encounter insuperable economic difficulties or that its political control will founder on the reef of economic obstacles.

Military Capabilities

16. The achievement of the Chinese Communist regime in Korea has been a military feat of no mean proportions, and instructive as to the extent of Chinese Communist military capabilities. The Chinese Communists, with Russian assistance, were able to organize, train, equip, supply, and commit massive ground forces in the Korean peninsula. These forces fought with courage, aggressiveness, and with notably few desertions. They demonstrated skill and energy in camouflage and entrenchment. As the war progressed the Communists demonstrated increasing capabilities and profi-

ciency in the artillery arm. They accumulated considerable capabilities and limited experience in air warfare, although the bulk of air combat appears to have been undertaken by the Russians. The Communists devised means, frequently primitive, for logistic support of their front line units in the face of uncontested air and naval superiority on the part of the UN Command. Towards the end of the war Communist ground-to-air anti-aircraft capabilities were extensive.

17. But the Korean hostilities are also instructive as to the present limits of Chinese Communist military capabilities. All of the aircraft, and perhaps some 90 per cent of the ground force equipment and munitions of the Chinese Communist forces appear to have been supplied by the USSR. Chinese Communist military capabilities are thus in large degree derivative rather than primary. The Chinese Communist air force appears to have borne only a minor share of defensive air operations; and conducted almost no offensive operations. The Chinese Communists demonstrated no amphibious capability. In spite of the proximity of North Korea to the most highly developed communications system in all of China—the Manchurian system—the proximity of North Korea to the Soviet supply centers in the Maritime Province, the freedom from attack which these areas were vouchsafed by UN self-denial, and the limited length of the communication lines which had to operate under Allied attack (200–250 miles)—in spite of these advantages the Chinese Communists were never able to provide sufficient logistic support to enable their forces to undertake sustained offensive operations. Chinese offensives, in which the Communists enjoyed considerable numerical superiority, repeatedly ground to a halt, checked in part by skillful Allied resistance, but also by logistical deficiencies. The Chinese Communists also demonstrated marked tactical deficiencies, foregoing maneuver and deception in favor of repeated frontal mass assault with consequent acceptance of heavy losses for minor gains.

18. On the basis of the Korean experience, and of our intelligence as to the level and quality of Chinese Communist forces not committed in the Korean theater, it may be estimated that the Chinese Communists, with continued assistance from the USSR, have a considerable capability for defending mainland China against amphibious or ground assault; modest defensive and offensive air capabilities; limited amphibious capabilities; and negligible naval capabilities. However, within their own borders, on terrain favorable for mechanized maneuver, and with their lines of communication subject to all-out air attack, the numerical superiority of the Chinese Communists would lose much of its effectiveness. The Communists do have major capabilities for offensive military action against

areas adjacent to them on the mainland, but Chinese logistical deficiencies place upper limits on the magnitude of these capabilities. It might be estimated that in circumstances where the Chinese were to be opposed, outside their borders, by major, modern military forces, the Chinese Communists would not have sufficient capabilities to achieve decisive victory.

CHINESE COMMUNIST INTENTIONS TOWARD NON-COMMUNIST ASIA AND THE WEST

19. In its relations with non-Communist Asia and the West, Peiping is motivated by interacting factors derived from the concurrently Chinese and Communist nature of the regime. As a nationalistic Chinese regime, Peiping wishes to reassert China's position as an Asian and a world power. As a Communist regime, it assesses its enemies and friends and its objectives in terms of the objectives of world Communism and the Marxist analysis of history. Related to these basic ingredients are Peiping's recognition of the value of the Soviet alliance, its desire nevertheless to exercise leadership in Asia generally and in the Asian Communist movement specifically, and its desire to complete by its own means the Soviet-type revolution it has initiated in China.

20. To promote its position and power from both the domestic and world (especially Asian) standpoints, Peiping apparently feels that it must convince Chinese and Asian opinion that Communist China is becoming a great and progressive nation. It appears to believe that expansion of Communism and of China's leadership in Asia, as well as the regime's internal popularity, depend to a considerable extent upon propagating the idea that Communist China is making dynamic progress in industrialization, popular welfare, and strength. The importance attached to these considerations is indicated in the tremendously organized efforts for self-advertisement to Asia that the regime is making, in its extreme concern of maintaining prestige, and in its sensitivity to setbacks in its industrialization program from the standpoint of psychological consequences.

21. Peiping's foreign policies, however, are not motivated purely by an aggressive urge. The psychology of fear plays an important role. Peiping suffers from traditional Chinese suspicion and fear of the outside world and is keenly conscious of the ideological hostility of the West. The difficulties inherent in the defense of its extensive frontiers have therefore made Peiping doubly sensitive to the development of potentially hostile military powers or coalitions in the Far East, particularly based on Japan.

22. Peiping appears to believe that in the area of foreign relations the above factors can best be served by dynamic policies di-

rected ultimately at a Communist seizure of power in other Asian countries. However, Peiping recognizes that in specific local and world contexts this ultimate aim may involve risks and costs that the regime is not able to assume. Without abandoning the ultimate aim, Peiping's policies are therefore often directed at intermediate goals of an economic, political, or security nature. These short-range goals usually fall within the framework of a world Communist strategy aimed at neutralizing sources of Western support in Asian countries, preventing the rise of stable, firmly anti-Communist governments wherever possible, encouraging "neutralism," and perverting to Communist purposes Asian strivings for independence, progress, and peace.

23. The balance of Peiping's policy emphasis between long-range and short-range goals, and its willingness to assume risks and costs, varies from time to time and place to place. In 1949–50 Peiping proclaimed itself the fountainhead of an Asian policy of "armed struggle" and direct seizure of power by Communist groups—a policy that saw its climax in the north Korean attack on the Republic of Korea in June, 1950. With the growing stability and military capability of non-Communist governments in such countries as Burma, Malaya, the Philippines, and Japan, and with the defeat of the Communist offensives in Korea in the spring of 1951, this shifted to one of limiting rather than expanding existing warfare and of emphasizing in many areas "peaceful" rather than violent methods, thus conserving Communist potentials for the future. As part of this policy, Peiping became the center of the Asian "peace" movement and encouraged Communists throughout Asia to seek out the broadest possible alliance with all potentially anti-Western elements. At the present time, with the Korean truce, Peiping's policy emphasis is for the moment predominately on "peace," with the conspicuous exception of Indochina, where military methods appear to the Communists to hold a promise of maximum gain at minimum risk.

24. Within the above framework of foreign policy objectives, a number of specific goals of Peiping's current Asian policies can be discerned:

a. For both security and prestige reasons, Peiping is anxious to restore Chinese sovereignty over all historically Chinese areas with the possible exception of Outer Mongolia. This aim was largely accomplished with the conquest of the Chinese mainland, including Tibet, and with the establishment of at least a temporary *modus vivendi* on the Sino-Soviet Asian frontier which recognized Chinese sovereignty in these areas. However, Taiwan remains in the hands of the anti-Communist U.S.-supported National Government; Hong Kong remains British; Macao remains Portuguese; and the naval base of Port Arthur remains under Soviet military control. Ulti-

mately, the Chinese Communists will hope to regain full sovereignty over all those areas. Peiping's other possible territorial aspirations appear less important. On the undemarcated sections of the Sino-Burmese and Sino-Indian borders, Peiping will presumably advance at least the traditional Chinese claims—current Chinese Communist maps of these areas indicate Chinese Communist claims well beyond any put forth in negotiations by the National Government, but none of these claims has been formally advanced by Peiping.

b. Beyond the historically Chinese areas, Peiping apparently feels it has preeminent security interests in certain border areas, particularly North Korea, North Burma, and Northern Vietnam. Peiping would presumably go to considerable lengths to prevent the establishment of strong Western military forces in these areas. (It is significant that the primary reason advanced by Peiping propaganda in its Korean intervention was the security of Manchuria—a factor that certainly weighed heavily in the Chinese decision to intervene.)

c. In Southeast Asia, Peiping's interest is two-fold. Like any Chinese government it is interested in cultivating the sizeable Chinese minorities, whose status reflects on China's prestige and who are a useful source of trade and foreign exchange, as well as potential instruments for present and future Communist operations in these areas. As a leader of Asian Communism, Peiping is interested in expanding its influence among Southeast Asian Communist movements and in providing these with aid and guidance.

d. In Northeast Asia, Peiping's interest is to insure the safety and potential for future expansion of the North Korean regime and to attempt to neutralize the threat of Japan. In this area, short-range policy may emphasize Korea but in the long run the Peiping regime is most deeply concerned over Japan, which alone of Asian countries could be a military threat to Communist China even in the absence of substantial Western military forces.

e. In the field of economics, Peiping is anxious to extend its commercial contacts throughout Asia, particularly with Japan, not only because of the need for trade in China's five-year program of industrialization, but also because trade and trade offers are considered by the Communists to be powerful weapons in neutralizing the anti-Communist posture of many Asian governments.

f. In the field of diplomacy, Peiping is interested in occupying China's seat in the UN and in establishing formal relations with Asian countries (with the exception of the Associated States of Indochina, which Peiping cannot recognize because of its relationship to Ho Chi Minh [3]). In the case of Japan, Peiping is restricted by having to coordinate its activities with those of the USSR and by its untempered opposition to the San Francisco treaty [4] and the present U.S.-oriented government.

g. Peiping's domestic policies—centered at present around the programs of industrial and military modernization and social and

[3] President of the Democratic Republic of Vietnam.

[4] The Treaty of Peace with Japan, signed at San Francisco, Sept. 8, 1951; for text, see TIAS 2490 or 3 UST (pt. 3) 3169.

political sovietization—must compete with the foreign policy objectives described above. As international Communists, the Peiping leaders are acutely aware of the importance of the international environment to their domestic program and of the "threat of capitalist encirclement." They have not, therefore, demonstrated any willingness to sacrifice major elements in their foreign policy, such as their Asian leadership role, their security considerations in bordering countries (such as North Korea and Vietnam), or their status in the Soviet bloc, merely to further a domestic program or to prevent repercussions unfavorable to domestic programs (such as economic sanctions). Where shifts in foreign policy have taken place, these usually seemed to have been based primarily on changing international conditions.

25. From the viewpoint of Peiping, Western (i.e., U.S.) opposition and a Western (U.S.) threat is in evidence in relation to every objective of Chinese Communist foreign policy. The Chinese Communists see obstacles to their policies in British retention of Hong Kong, U.S. protection over and assistance to Taiwan, U.S. participation in the defense of Korea, U.S. aid to Indochina and other Asian countries that are resisting Communist inroads, U.S. participation in the military, political, and economic resurgence of Japan, and U.S. support of political pressures and economic restrictions against Communist China. Many of these specific foreign policy objectives of the Peiping regime, whether territorial, political, or economic, would be shared by any strong, independent, nationalistic Chinese government. However, of importance from the viewpoint of U.S. policy is the fact that Peiping's adherence to Communist doctrine alters not only the intensity but also the direction of Peiping's policies. In the case of the Chinese Communists, ultimate opposition to the West would not be reduced if individual sources of friction were removed, since Peiping shares the world Communist objectives of placing under Communist control not only Asia, but the West as well. Peiping opposes the West not only where Western power is in evidence, as in Japan, but also where Western influence has been virtually destroyed and no longer represents an immediate threat to its rule, as in the field of Chinese education, because it is the West—not only as a military, political, and economic system, but also as an ideology—that is antithetical to the foundations of the Chinese Communist system. No settlement of individual issues, no compromises, could in Chinese Communist eyes resolve the basic conflict between the two systems.

NATURE AND PROSPECTS OF THE SINO-SOVIET CONNECTION

26. The relationship between the Kremlin and the Peiping regime is clearly distinct from the relationship between the Kremlin and the other Communist states. The distinction has been fre-

quently described as consisting of the difference between a junior partner and a satellite relationship. The essence of the differentiation in the relationships is that whereas in the satellite states the Kremlin rules in detail, lays down precise instructions for particular actions, and administers the internal hierarchy of personalities and power, with Communist China the Russians appear to act almost entirely on the basis of state to state negotiation, assistance, and advice. "The great Chinese people"—to use the constantly reiterated Russian phrase—appears to be dealt with as a unit which is authoritatively represented by the Peiping government, and the collective Chinese Communist leadership. In the satellites, on the other hand, the channels of authority appear to run from the Kremlin to varying, individual Communist leaders. The Russians handle the satellites through disciplinary control over individual Communist party members. They appear to deal with Communist China as a close, but relatively independent ally.

27. Granted that we know very little as to how and why things happen in the murky recesses of the centers of Russian and Chinese state and party power, the evidence as to the basic nature of the Soviet-Peiping relationship is reasonably conclusive. Pertinent indications include the special mention of China as distinct from the "Peoples Democracies" in all Russian statements; the unique distinctions reserved for Mao Tse-tung and Chinese Communist revolutionary theory and tactics in Russian political literature; the relative deference with which the Russians treat the Chinese representatives on all public occasions; the relatively independent role of Chinese Communist representatives in the few international gatherings in which the Chinese Communists have thus far taken part. There is also scanty but convincing intelligence as to the manner in which Russian personnel in Manchuria appear to have deliberately avoided intervention in Chinese Communist internal affairs and, even in cases where enterprises were still jointly owned and operated, confined themselves to technical advice, leaving all such problems as personnel, labor management and political indoctrination to the Chinese. Perhaps most important, there is no good evidence in the high command of the Chinese Communist party of those shifts of personnel which in the Satellites indicate direct Soviet intervention in local party affairs. The apparent stability of the roster of the Chinese Communist top command is in itself the strongest indication the Russian-Chinese relationships are on a state-to-state basis.

28. The bases of the Russian-Chinese partnership are varied. The Soviets and the Chinese Communists share the vocabulary and substance of a system of political thought, and the forms and practices of a pattern of political action. Ideological affinity provides cement

for the alliance. Both Russians and Chinese Communists believe themselves confronted with the common threat of hostile power based on Japan. The Chinese Communists and the Russians share the grand objective of eliminating Western power and influence from the Far East—the Russians because their global purposes call for a weakening of the West; the Chinese because in addition to their communist aspirations, their nationalist drives center on the recovery of Chinese territory, the removal of Western threats to their borders, and the extension of Chinese influence throughout the Far East.

29. The profits which have already accrued to both the Chinese and the Russians from their partnership augur well for continuance of the connection. The Chinese Communists have secured from the Soviets matériel and training assistance for creation of a sizable modern army and a fair-sized air force. They have benefited from Russian technical advice in the rehabilitation of Chinese industry, mining, power production and transportation. They appear to have received assistance from the Russians in capital goods. They have received USSR support for UN membership and acknowledgment of their status as a great power. Up to the present, they have, because of the Russian connection, remained immune from hostile attack while conducting a major war against the United States and its Allies. The Russians have profited from Peiping's intervention in Korea which preserved the Communist state of North Korea, forestalled the installation of hostile forces on the Soviet borders, and prevented a major defeat for the Soviet bloc. And the Soviets have benefited from the assistance which Peiping has given in spreading communist influence and propaganda, and in projecting the Soviet peace offensive into East Asia. The alliance must seem invaluable to both Soviet and Chinese Communist leaders.

30. Yet there are major potentials for tension and discord in the Sino-Soviet partnership. In the long term, too great success on the part of the Chinese Communists might produce in the Russians real concern. The Russians could hardly view with equanimity the development of an independent China on its frontiers which was powerful, well armed, industrially competent, and politically united. Chinese Communist successes in achieving reduction of Western power and influence in the Far East might confront the Russians with a partner whose ambitions could be achieved at cost not to the West but to the Russians themselves.

31. And in the shorter term there are potential hazards for the partnership. From the inception of the Peiping regime there have been a number of problems not fully resolved; these center on: the degree of Soviet intervention and control in Manchuria, Mongolia,

and Sinkiang; the status of Mao Tse-tung in world Communism; the degree of conformity of Chinese internal policies to a world Communist "line"; the extent to which the Chinese should dominate or influence the Communist Parties of South Asia and Japan; the questions of the volume and Chinese repayment for Soviet military and economic aid; the basic anti-foreign feelings of the Chinese people. Any or all of these problems may come to plague the partnership.

32. It may, moreover, become increasingly difficult for the Russians to maintain the circumspection which they have hitherto displayed in dealing with the sensibilities of their junior partner. The men of the Kremlin are not in the habit of dealing with their lessers in any terms except those of strict control. New strains within the Kremlin leadership might prompt the Chinese Communists, confident of their own regime's stability, to adopt an attitude of arrogance and greater independence. As the inevitable differences in interest, viewpoint, or timing of actions develop between the Russians and the Chinese; as the Chinese tend to become importunate in their demands for Russian assistance or support; or as the role of the Chinese as viceregents for international communism in the Far East becomes too independent and self reliant—there will be strong temptation for the Russians to attempt to move in the direction of greater disciplinary control over the Chinese Communists. If the time ever comes when the Russians feel impelled to contest with the Chinese Communist leaders for primacy in the domestic apparatus of control of the Chinese regime, the alliance will be critically endangered. For, as has been stated before, the Chinese Communist leaders are Chinese as well as Communists.

33. It seems evident that the potential difficulties of the Sino-Soviet connection will stem primarily from the internal workings of the partnership and only secondarily from the nature of external pressures or inducements. The West to be sure can strive to create those pressures or inducements which might be most apt to provide the context for increase of tension in the partnership. But short of inflicting on the Chinese Communists an outright military defeat it seems improbable that the West can through its pressure alone break the alliance. It also seems improbable that the West can through accommodation create a situation in which Chinese conflicts of interest with the Russians are greater than Chinese conflicts of interest with the West; the initial Chinese Communist choice of partnership with the Russians in 1949, when the Western powers, including the United States, had obviously reconciled themselves to the defeat of the Nationalists and the supremacy of the Communists in China, and were making gestures of accommodation, has already given some indication of the limited efficacy of

appeasement as a weapon against the continuation of the alliance. In the last analysis the continued strength of the Chinese connection with the Russians will depend primarily on the degree to which the Chinese are successful in conforming their particular courses of action to the general outlines of Russian policy, and above all on the degree to which the Russians are successful in restraining themselves from attempts to exert direct disciplinary control over the Chinese Communist leaders. Thus far there has been no evidence that either partner will fail to pursue courses of action that will preserve their present relationship.

CAPABILITIES OF NON-COMMUNIST ASIA

Present Capabilities of Non-Communist Asia

34. It is evident that the capabilities of the non-Communist Asian countries vis-à-vis the Chinese Communists are for the moment almost purely defensive. The Chinese Communists may have cause to worry about the degree to which these countries may serve as channels or instruments for aggressive action on the part of the U.S. and the West. The existence of the Chinese National Government on Taiwan poses a potential military threat to the Chinese Communists; the potential development of Japan or India may give them major concern. But as of now no country of non-Communist Asia poses in its own right a major political or military threat to Communist China, and for the U.S. and the West the central immediate problem is the capacity of the non-Communist countries to hold against or to be assisted to hold against the political, economic, and military thrust of the Chinese Communists.

35. Militarily, no one of the countries on the mainland whose geographic position makes them the immediate potential targets of Chinese Communist aggression, (Korea, the Associated States, Thailand, Burma) has the military strength to counter independently Chinese Communist armed forces. South Korea with the U.S. assistance has developed major military forces, but has obviously not reached and never can reach the point of being able to defend itself alone. The French and Associated States are hardly able to hold their own against present Vietminh forces, and could not withstand a Chinese Communist intervention. The military capabilities of Burma and Thailand are minor.

36. Of the countries protected by sea or distance from Chinese Communist attack, Nationalist China and India have presently the largest and best developed armed forces. Without U.S. naval and air protection, however, Formosa could probably not defend itself against Communist attack; and Indian capabilities to withstand Chinese Communist attack through Burma would be questionable.

Japan, while having the capability to develop indigenous military strength, does not presently appear to be willing to create the forces necessary to defend itself from an external attack.

37. With the possible exception of Indochina, the non-Communist region of East Asia does as a whole appear to have the capabilities—under conditions of continued U.S. and Western assistance—to cope with the present range of internal and external Chinese Communist and local Communist pressures. Communist rebellions are slowly but perceptibly being suppressed in Burma, Malaya, and the Philippines. Communist parties and front groups do not presently present a serious threat to the position of any of the governments except in Indochina and possibly in Indonesia. Instabilities arising from political inexperience, apathy toward political processes, remnant colonial issues, and economic distress weaken the governments of most countries of the area but not to the point of making them so vulnerable to Communist political warfare as to threaten their existence.

38. Economically, there is no country in non-Communist Asia which is presently closely tied to the Communist bloc or which is in immediate danger of falling under Communist economic domination. There are, however, throughout the area vulnerabilities to Communist pressure for expanding trade. The falling markets for agricultural and mineral exports create specific vulnerabilities in the case of Indonesia, Malaya, Thailand and Ceylon; and the general over-all drive for trade and foreign markets impels the Japanese to seek for expanded trade with the Communist held mainland.

39. In the non-Communist Asian region as a whole, there are factors which make it possible for the U.S. and the West to exert influence and provide effective assistance. Throughout most of the area there is a fear of Chinese expansionism which, provided Western support continues, can be expected to produce increased efforts against Communism rather than ostrich-like immobility. Despite the attraction of Marxist theory through most of the region, there is considerable evidence that at least among some of their most influential political leaders there has been increasing disillusionment on the part of such Asian "neutralist" countries as India, Burma, and Indonesia with respect to the Chinese Communists. Leaders of these countries, while for various reasons maintaining their aloofness from power alliances, seem to be more wary of Chinese Communist intentions towards their countries and more seriously concerned with Communist activity within their borders than when the Peiping regime was first established. The reaction of the overseas Chinese community to the Peiping regime has also been influenced by these factors and by the ruthlessness of the regime's economic policies on the mainland particularly those directed at pri-

vate enterprise. It seems safe to say that the regime is less popular with the overseas Chinese now than during its first year. In the absence of sharp changes in the general conduct of the Chinese Communists both at home and overseas it can be fairly estimated that the attitude toward the Peiping regime both on the part of the Asian countries on its periphery and on that of the overseas Chinese as a whole will continue to harden.

40. Conversely, there is a considerable appreciation of many aspects of Western culture and technical achievement, and a growing appreciation that many facets of U.S. behavior and policy toward the underdeveloped countries are compatible with their own objectives. In the "neutralist" nations, this realization seems to be emerging alongside continuing opposition to any appearance of "colonialism," and a belief that U.S. policy is, despite the best of motives, governed more by the necessity of preserving the Western coalition with the colonial powers than by the interests of the Asian countries.

Prospective Capabilities of non-Communist Asia

41. In the absence of direct Chinese Communist military intervention, it may be expected that non-Communist Asia as a whole will in the course of the next few years, show some improvement in terms of political stability, domestic economic development, and controls over internal subversive elements. A considerable increase in the strength of the non-Communist position would arise from the defeat of the organized forces of the Vietminh in Indochina, but such a defeat would be likely only if considerably increased external assistance were placed in support of the Associated States, and the people became convinced they were fighting in their own behalf. There are no immediate prospects of rapid development of strength in the two countries which, potentially, can contribute most to a restoration of balance of power in Asia—Japan and India. There is an obvious ceiling on the potential power of Taiwan and there are no immediate prospects for rapid development of regional cooperation for the purpose of mutual defense.

42. The Chinese Government on Taiwan is a considerable asset to the U.S. position in the Far East. The existence of the Chinese Government on Formosa offers an at least symbolic alternative to Communist control of the mainland, and helps to frustrate the Communist objective of gaining international acceptance as the sole representative of the Chinese people. Taiwan also offers material competition to Peiping as a center for the loyalties of the overseas Chinese. The military forces of the Nationalists constitute the only readily available strategic reserve in the Far East and as such assist in discouraging the Chinese Communists from further mili-

tary adventures. Despite the fact that these forces are inexorably aging, they provide, for the short term, a valuable deterrent force and one which could be used in a variety of ways in the contingency of further Chinese Communist aggression.

43. Japan, by reason of its developed industry, and the relatively advanced technical training and aptitudes of its population, is the one Asiatic power which has the potential of becoming an independent military threat to the Chinese Communists. But even assuming rapid progress toward rearmament, the Japanese will not be independent of U.S. military support for a considerable period. Japanese cooperation with U.S. defense planning will probably continue, but collaboration with respect to over-all objectives in the Far East will be tempered to some extent by the strong Japanese desire to restore commercial relations with the China mainland. Japanese leaders seek—and appear to consider feasible—a *modus vivendi* with Communist China which will leave internal and external security unimpaired; some leaders have indicated a conviction that Japan could usefully function as a bridge between China and the West. Although import and export requirements make Japan vulnerable to economic pressures affecting her access to the world market, even assuming a continuation of U.S. assistance, Japanese susceptibility to Communist overtures or threats will probably be overshadowed by the prevailing belief that its national interests are best served by close relations with the West. The Japanese Communist Party will preserve its ability to conduct sabotage operations but will not be capable of seizure of power. All in all it will be some time even under optimum conditions, before Japan possesses the capability of exercising leadership in Asia.

44. India, by reason of its size and population, its potential for economic and military growth, and the political leadership and prestige of Nehru in the other countries of Southeast Asia, also offers a potentially important counterpoise to Communist China. But India's domestic and external problems make it unlikely that in the near future there will be rapid development of India's capabilities vis-à-vis Communist China. Barring Nehru's death or disability, the Congress Party over the next few years may be expected to retain control of the government, or to dominate a coalition if its majority should be cut. The Communist Party will probably not soon become a serious threat to the internal security of the nation or to the position of the government. Continuing economic and social backwardness, however, will be difficult to remedy. India can be expected to maintain its policy of non-alignment with either East or West, to continue to play an active role, in concert with other members of the Arab-Asian group when possible, in efforts to reduce tensions and to settle specific problems among the great

powers and to take measures in defense of its own territory if necessary. Indian contributions to the security of the non-Communist area against Communist China will be heavily contingent on the status of the still unresolved dispute over Kashmir, a problem which currently pins down the major portion of both Indian and Pakistani armed power.

45. Prospects for regional cooperation in non-Communist Asia are inhibited by the conflicting purposes of the various Asian nations with regard to collective action. On the one hand, the strongly anti-Communist states of Korea, Nationalist China, the Philippines, and Thailand share an interest in the development of mutual security arrangements, but the attraction derives more from the possibilities for U.S., or Western, participation and assistance than from the prospects of effective collaboration among these geographically separated states. On the other hand, the independent states of the "neutralist" group—primarily India, Indonesia, and Burma—share a desire to play an active, but essentially political role, as a third force operating apart from the major power constellations and their conception of Asian unity probably still embraces Communist China. There seems to be little common ground, therefore, on which the shared aspirations for security from external aggression can develop into collaborative arrangements for defense either with or without the participation of Western nations. U.S. efforts to promote such arrangements might prejudice the "neutralist" group even though individually they might be willing to accept U.S. military aid. There is, however, a potential for further extension of regional cooperation, along economic and cultural lines, among the independent states of Southeast Asia, which, in time, might lead to a sense of common purpose sufficiently strong to dictate common efforts for defense.

U.S. AND WESTERN CAPABILITIES VIS-À-VIS COMMUNIST CHINA

46. In the military field it is hardly necessary to say that the United States and the West possess very considerable offensive capabilities for action against the area controlled by the Chinese Communist regime. The United States alone has naval and air power adequate to establish an effective close-in blockade of the China coast, and to undertake naval bombardment of coastal areas. United States air power exerted against mainland China in sufficient force and employing all available weapons could impose decisive damage on the Chinese Communist air force and its facilities, destroy the essential elements of the modern industrial sector of the Chinese Communist economy, and inflict heavy and perhaps crippling damage on the Chinese transportation net. U.S. sea and air power would make it possible for the United States to effect

lodgement of U.S. or Allied ground forces on the mainland and to support large-scale land campaigns.

47. It is not possible to forecast precisely the end result of full exercise of U.S. military capabilities against Communist China because of the variables which would be introduced by USSR counteraction. It is highly probable that an all out U.S. military effort against Communist China, undertaken with the design of overthrowing the Peiping regime, would result in Russian military intervention, and quite possibly in global war. Such an undertaking would in any case bear high costs for the U.S., probably including full U.S. mobilization, would commit to the China theater a high proportion of U.S. forces, might absorb a considerable proportion of the U.S. atomic stockpile and of U.S. atomic carriers, and would probably result in the splitting of the U.S.-led coalition.

48. The United States and the West also have considerable capabilities for countering possible future Chinese Communist aggression against areas not now occupied by Chinese Communist forces. The U.S. and its Allies have already demonstrated in Korea the capacity of the West to stop a full scale Chinese Communist military thrust. U.S. offensive capabilities described above could be exerted against the areas of Communist China, and the U.S. and the West have capabilities for putting ground forces and tactical air into any locality which the Chinese Communists might attack.

49. It is probable that the United States and the West do have the military capabilities to force the Chinese Communists to cease and desist from any particular aggression which the Chinese Communists might undertake outside their present areas of control. The cost would probably be high. But it is possible that actions against Communist China which might be taken in such a contingency, provided they were obviously directed solely toward forcing the Chinese to halt aggression, would not result in formal USSR military intervention or general war, even though it is probable that the USSR would lend the Chinese important military assistance. Such an action would not necessarily weaken, and might in fact strengthen, the U.S.-led coalition.

50. The U.S. and the West also have the military capabilities to defeat Communist armed forces presently operating in areas in Asia outside of Chinese Communist control. The only major problem in this category is in Indochina. The French, if their present political concessions to the Associated States attract the willing support of the indigenous population, do have the capability, in conjunction with the indigenous armies of the Associated States, to defeat the organized forces of the Vietminh, provided the French put in major reinforcements. It remains to be seen, however, whether the French will have the political will to undertake such a

course of action. It appears highly possible that, barring substantially increased U.S. absorption of the economic costs of the war, or even intervention by U.S. forces, the French will not have the will to carry the war to a successful conclusion. U.S. military intervention could achieve the defeat of the Vietminh.

51. There is a possibility, although no certainty, that threatened defeat of the Vietminh by the French and Vietnamese or the intervention of U.S. forces in Indochina, would result in Chinese Communist intervention on the Korean pattern. On the other hand the Chinese Communists might well be unwilling to take on the costs and losses which would follow such an intervention. If the Chinese Communists did intervene the U.S. and Western capabilities and the probable outcome would be similar to those described in the case of U.S. and Western reaction to further Chinese Communist aggression outside their present areas of control. (para. 48)

52. For reasons arising out of the nature of the Chinese Soviet connection, and because the present conflicts of Chinese Communist interest with the West so greatly exceed the conflicts of interest between the Chinese Communists and the Russians, the United States and the West, short of inflicting decisive military defeat on Communist China, probably do not have the capacity of breaking the Sino-Soviet Alliance. The Chinese Communists and the Russians may eventually come into conflict, or at least cease to act as a unit, and the U.S. and the West may be able to capitalize on specific tensions and conflicts within the partnership. But in the last analysis a fracture of the alliance, if it comes, will stem primarily from the internal relationships of the partners and only secondarily from either the pressures or inducements of the West.

53. The United States and the West, provided they act in concert, do have the capability of imposing difficulty and some delay on Chinese Communist attempts at large scale industrialization. The Soviet Union and the European satellites will find it difficult to provide the capital goods which the Chinese Communists will require. The United States, Japan and the West are the only other important potential sources of such capital goods. Western capacity to affect the Chinese economy, even if the West acts in concert, does, however, have limits. The Chinese Communists have weathered the present level of economic controls without apparent direct effect on a major military effort, and without major effects on their progress in rehabilitating their economy. Continuation of U.S. and Western controls might be expected to increase Chinese Communist difficulties in achieving anything approaching a rapid industrialization, and to intensify the difficulties which the Chinese Communist regime will in any case encounter in capital formation. But

Western controls will not of themselves prevent substantial Chinese Communist economic development.

54. The United States and the West, again provided they act in concert, also have the capability of denying the Chinese Communist regime full status in the international community. The West can withhold or withdraw recognition, and if it acts in concert, exclude the Chinese Communists from the United Nations. Membership in the UN would place Peiping in a better position to support USSR propaganda efforts, improve Peiping's international position, and add to Peiping's prestige by endowing it with symbolic recognition of its prestige and permanence. Thus far the Communists do not appear to have regarded diplomatic relations or UN membership as important enough to cause them to abstain from efforts to eliminate Western influence from mainland China, Korea, and Southeast Asia; it is possible however that they will regard UN membership as important enough to warrant material concessions.

55. The United States and the West have the capability of assisting in the creation of strength in non-Communist Asia, which will assist in the restoration of the Far Eastern structure of power, and reduce the relative strength of the Chinese Communists. The United States and the West have the opportunities of directly and importantly assisting the development of economic and military strength in Japan, and to some degree India. The United States and the West have the opportunity of importantly affecting the balance of power in the Far East by fostering and strengthening independent non-Communist states in Indochina. The United States and the West can continue to assist development of military and economic strength in Korea, Formosa, and the Philippines and the remainder of Southeast Asia. By political moves which lessen the "colonial" aspects of Western actions in Southeast Asia, the United States and the West have the opportunity of increasing the possibilities of eventual regional organization in the Far East.

THE RELATIONSHIP OF U.S. CHINA POLICY TO THE FREE WORLD COALITION

56. It is all too evident that the Free World will not act as a unit toward Communist China. And the divisions of the Free World over attitudes toward Communist China tend to engender emotional heat of an intensity similar to that engendered by the China issue in domestic U.S. opinion. India, under Nehru's leadership, continues to believe that the best approach to the problem is to attempt to wean Mao's regime away from Russia by extensive promotion of non-Communist contacts with Communist China; Indian fears of Communist China, and Indian desires for a strong, third force, Asian bloc add emotional intensity to this belief. Other

Southeast Asian states, impelled by fear of Communist China, by desires to expand trade, and by desires to prevent or avoid involvement in a general Asian war, tend to share Indian beliefs. Partly because of their desire to keep in step with India, partly from their fears about Hong Kong, and partly because of the important place which the idea of the China market occupies in British thought and politics, the U.K. leans towards the thesis that the Chinese Communists should be accorded conciliatory treatment and has some support in Commonwealth opinion. The Japanese for their part have overweening expectations of what trade with the mainland might achieve for the Japanese economy, and also fancy themselves as possible mediators between Communist China and the West. The French grope for ways in which their difficulties in Indochina might somehow be settled by arrangements with Peiping. On the other side of the fence, the South Koreans and Chinese Nationalists are fearful that any accommodation with Communist China might quash their particular ambitions.

57. U.S. policy toward China must take account of the welter of variant, opposing, and emotionally supported views which are held by the other countries of the Free World. Because of the variety of these views no U.S. policy toward Communist China will meet support from all of the Free World. Because of the intensity of emotional and national feelings on the subject of Communist China, any U.S. policy toward Communist China will encounter strenuous and vocal objections from at least some of the countries of the Free World. Because of both the variety and emotional intensity of these views, U.S. attempts to impose on other countries adoption of its own program toward Communist China, whatever that program may be, will have dangerously divisive effects on the Free World coalition This last point is perhaps the most important. The United States must obviously adopt some policy towards Communist China, and it obviously cannot please everybody. But the United States can avoid the most dangerously divisive potentials of the Chinese Communist issue, by refraining from excessive pressure on its friends to follow American policies with respect to Communist China.

No. 150

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Statement of Policy by the National Security Council [1]

TOP SECRET
NSC 146/2

WASHINGTON, November 6, 1953.

UNITED STATES OBJECTIVES AND COURSES OF ACTION WITH RESPECT TO FORMOSA AND THE CHINESE NATIONAL GOVERNMENT

[Here follows a table of contents.]

OBJECTIVES

1. Maintenance of the security of Formosa, independent of communism, as an essential element within the U.S. Far East defense position. (1-5, 24, 31) [2]

2. An increasingly efficient Chinese National Government, evolving toward responsible representative government and capable of attracting growing support and allegiance from the people of mainland China and Formosa. (2–15)

3. Increased effectiveness of the Chinese National armed forces for action in the defense of Formosa, for raids against the Communist mainland and seaborne commerce with Communist China, and for such offensive operations as may be in the U.S. interest. (25–30)

4. Use of Chinese National military potential, including the availability of Formosa for use of U.S. forces, in accordance with U.S. national security policies. (26–30)

5. Development of a strong and expanding Formosan economy. (42–47)

6. Improved relations between Chinese National Government and other non-Communist nations. (16–23)

7. Continued recognition and support of the Chinese National Government on Formosa as the Government of China and the representative of China in the United Nations and other international bodies, and continued efforts to persuade other nations to adopt similar positions. (22–23)

8. Increased support for the Chinese National Government by all non-Communist Chinese groups outside mainland China and Formosa, especially the overseas Chinese of Southeast Asia, consistent

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[1] A covering note of Nov. 6 from Lay to the National Security Council stated that the President had approved the statement of policy, which superseded paragraph 11 of NSC 48/5. It also noted that an NSC staff study (see enclosure, below) was enclosed for the Council's information.

[2] A note on the source text states that parenthetical references are to paragraphs in the staff study.

with their obligations and primary allegiance to their local government. (18–23)

COURSES OF ACTION

Military

9. Effectively incorporate Formosa and the Pescadores within U.S. Far East defense positions by taking all necessary measures to prevent hostile forces from gaining control thereof, even at grave risk of general war, and by making it clear that the United States will so react to any attack. (24)

10. Without committing U.S. forces, unless Formosa or the Pescadores are attacked, encourage and assist the Chinese National Government to defend the Nationalist-held off-shore islands against communist attack and to raid Chinese Communist territory and commerce. (24–25)

11. Encourage and covertly assist the Chinese National Government to develop and extend logistical support of anti-communist guerrillas on the mainland of China, for purposes of resistance and intelligence. (24–25)

12. a. Continue military assistance beyond Fiscal Year 1954 to assure the completion of present programs designed to develop an army of approximately 350,000 capable of limited offensive operations; a small navy capable of conducting limited coastal patrol, anti-shipping, and commando operations; and an air force designed to provide limited air defense, troop support and interdiction capabilities. Such forces (1) without U.S. air, naval and logistic support, would be able to undertake more effective raids against the Communist mainland and seaborne commerce with Communist China; (2) without U.S. air, naval and logistic support, but to an even greater extent with such support, would continue to represent a threat to Communist China and add significantly to the strategic reserves potentially available to the free world in the Far East; (3) while not alone able successfully to defend Formosa or initiate large-scale amphibious operations against the mainland of China, would, with U.S. air, naval and logistic support, have an increased capability for the defense of Formosa and be able to initiate such large-scale amphibious operations. * (26–29, 34–41)

b. Keep U.S. military assistance to Formosa under continuing review in the light of the development of Japanese forces and possible political settlements in Korea and Indochina. (25)

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* This subparagraph is subject to review in the light of recommendations by the Department of Defense regarding Chinese Nationalist force levels and the rate of military assistance to be provided the Chinese National Government beyond Fiscal Year 1954. [Footnote in the source text.]

13. Continue coordinated military planning with the Chinese National Government designed to achieve maximum cooperation from the Nationalists in furtherance of over-all U.S. military strategy in the Far East, subject to the commitment taken by the Chinese National Government that its forces will not engage in offensive operations considered by the United States to be inimical to the best interest of the United States. (32–33)

14. Encourage and assist the Chinese National Government, through such means as off-shore procurement and technical advice, to construct and maintain on Formosa selected arsenals and other military support industries. (55)

15. Maintain the right to develop facilities on Formosa for use by U.S. forces and agencies in the event of need. (24, 31)

Political

16. Strive to make clear to the Chinese National Government that its future depends primarily upon its own political and economic efforts and upon its ability to command the respect and support of the Chinese people. Meanwhile, continue efforts to show our continuing friendship for the Chinese National Government and the Chinese people, while avoiding any implication of U.S. obligation to underwrite the Government or to guarantee its return to power on the mainland. (2–15)

17. Continue to recognize and encourage other governments to recognize the Chinese National Government on Formosa as the Government of China and to support its right to represent China in the UN and other international bodies. (22–23)

18. Continue to encourage the Chinese National Government to take all possible steps to attract growing support and allegiance from the people of mainland China and Formosa. (10–15)

19. To the extent feasible, encourage the Chinese National Government to establish closer contact with the Chinese communities outside mainland China and Formosa and to take steps to win their sympathy and their support to the extent consistent with their obligations and primary allegiance to their local governments. Encourage the leaders of these communities to reciprocate by extending such sympathy and support to the Chinese National Government as a symbol of Chinese political resistance to communism and as a link in the defense against Communist expansion in Asia. (18–23)

20. While continuing to manifest U.S. confidence in and support of the Chinese National Government, permit U.S. officials as appropriate to maintain discreet contact with anti-Communist Chinese groups outside Formosa which continue to reject cooperation with the Chinese National Government, and without making com-

mitments of U.S. support, encourage such groups actively to oppose communism. (2–3, 15)

21. Seek to enhance the Chinese National Government's political appeal and to increase its administrative efficiency. (3–15)

22. Continue to press through diplomatic channels for the repatriation to Formosa of Chinese Nationalist personnel from Burma. If transportation is not available consider U.S. logistic support to repatriate such Chinese Nationalist personnel to Formosa. (18–21)

Economic

23. Continue to provide limited economic aid to Formosa in such a manner and of such a scope as to promote U.S. objectives in the area; but plan gradual reduction and eventual termination of such assistance, bearing in mind, however, that some economic aid will probably be required so long as the present military programs are continued. (6, 42–44)

24. Continue to assist the Chinese to plan the most productive use of their resources on the island and to make them available to the free world. (45–47)

25. Continue to emphasize and to implement examination and consultation with the Chinese concerning proper fiscal procedures and to curb tendencies toward excessive demands by the Chinese National military establishment on the economy of Formosa. (55–56)

26. Continue to exert the influence of the U.S. Government to modify programs which run counter to prudent advice on economic and fiscal procedures offered to the Chinese by U.S. representatives. (42–47, 50–52)

27. Assist the Chinese National Government to develop a well-balanced foreign trade which will meet the needs of the Formosan economy after the termination of U.S. economic assistance. (44–47)

28. Encourage the Chinese National Government to adopt policies which will stimulate the investment of Chinese and other private capital and skills for the development of the Formosan economy. (43–47)

Psychological

29. Develop Formosa as an effective base for psychological operations against the mainland, along lines which support U.S. policy objectives, and in collaboration with the Chinese National Government when appropriate. (2–5)

[Here follows a Financial Appendix showing in tabular form the amounts programmed for military and economic assistance to Formosa and the total value of the actual and projected assistance to Formosa during fiscal years 1951–1956; see footnotes 15 and 16, Document 147.]

[Enclosure]

NSC Staff Study on United States Objectives and Courses of Action With Respect to Formosa and the Chinese National Government

POLITICAL ANALYSIS

Introduction

1. The central problem facing the United States in the Far East is the threat to U.S. and free world security resulting from the establishment of control over China by an aggressive and dynamic regime closely aligned with and supported by the Soviet Union as an effective instrument of Soviet policy. As the solution of the problem of Communist China is paramount to the restoration of security in Asia, U.S. policies and courses of action with respect to Formosa and the Chinese National Government must be formulated in such a way as to contribute to the solution of this problem. Politically, the Chinese National Government's role as an instrumentality for the solution of the China problem is unique. It is unique because it is Chinese, and thus presents a political alternative to Chinese Communist rule which no foreign power, including the United States, can supply to the Chinese people.

The Chinese National Government as a Political Force

2. The United States shares with other free nations a stake in the development of a potent non-Communist Chinese political leadership. U.S. security interests are threatened not only by hostile military power on the China mainland but also by hostile and dynamic political power. Just as the aggressive threat of the Communist regime is by no means confined to military force, so too it cannot be successfully contested by military force alone. Nor should U.S. reliance be placed solely upon the development of non-Chinese political counterforce. Because ultimately the roots of Chinese Communist political power must be attacked by the Chinese themselves, it is essential to foster and support non-Communist Chinese political movements. This is the most effective way of preventing the Peiping regime from monopolizing the tremendous strength of Chinese nationalism and thus converting the Chinese people into enemies of the free world, as well as the only means of providing the Chinese with a positive alternative to Communist rule. U.S. interest in the Chinese National Government is, therefore, not confined to the strategic importance of Formosa and the potential usefulness of its armed forces, but extends also to its importance as an essential weapon in the continuing political struggle with the Communist world, especially the Chinese segment of it.

3. Possessing a secure physical base, a well-developed organization, and a significant and slowly growing following, the Chinese National Government, together with its subordinate provincial and local organizations, represents the only effective non-communist Chinese political force in being. That it exists, and has in the past three years demonstrated a capacity to make progress, is more significant than that it has many defects.

4. While the Chinese National Government is at present the only Chinese political force which can qualify as an essential weapon in the political struggle against communism, and on that basis merits our primary support, it cannot be assumed that it will always remain the only (or even the most) effective Chinese force of this kind. The overthrow of the Peiping regime will hardly become a feasible proposition for the Chinese people until more positive and organized political, albeit covert, opposition to it on the mainland has developed than is now evidenced. Moreover, in view of the disparity of military capabilities between the mainland regime and the Chinese National Government, it is difficult to conceive of any successful movement against the Peiping regime without important defections from it. It cannot be determined now to what extent mainland underground political leadership and potential Communist defectors would support the present Chinese Government on Formosa. In any case, without their cooperation it is unlikely that the Government could successfully regain control of the mainland. In these circumstances it would be premature for the United States to commit itself irrevocably to this objective.

5. In the meantime, however, the Chinese National Government remains the only effective Chinese political force to which we can give support, and the advantage of its existence, especially if its political appeal and military capabilities continue to increase, in the political struggle with the Communists is sufficient justification for aiding it despite uncertainties as to its future on the mainland.

6. In providing military and economic assistance to the Chinese National Government, however, the United States faces a political dilemma which cannot be wholly solved as long as it is necessary to continue such assistance, but which can be mitigated. This is the dilemma of simultaneously ensuring that the aid is used in a manner consistent with U.S. objectives, which entails the exercise of a certain measure of supervision and control over important segments of the Chinese Government, while at the same time preserving a maximum degree of Chinese independence and self-reliance. Although this dilemma cannot be entirely resolved, it should not be ignored, for the manner in which it is dealt with affects significantly both our relations with the Chinese Government and that

Government's standing in the eyes of the Chinese and of the world at large.

7. The Chinese Government needs and welcomes U.S. aid, and probably to a considerably lesser degree it welcomes U.S. advice, but it merely tolerates controls and supervision by U.S. agencies as the price of receiving aid. Military and economic dependency upon a foreign power is most unpalatable to any people, especially to the Chinese who for centuries have regarded themselves as a superior race. The situation of dependency cannot help but breed resentment against the aid-giver. The more outward manifestations of this dependency there are, the greater the subsurface reaction of resentment, which manifests itself in ways inimical to U.S./Chinese Nationalist relations. Thus, the Chinese become particularly sensitive to any kind of advice or suggestion made on a high level, especially when this becomes public knowledge.

8. Another unfortunate psychological reaction provoked by prolonged dependency on aid programs is the tendency of the aid-receiver increasingly to shift responsibility (particularly blame) for difficult situations to the shoulders of the aid-giver. This tendency has been manifest on the part of the Chinese National Government and it undermines both the self-confidence and self-reliance of the Government. To the extent that it does this that Government is weakened and becomes less of an asset to the Chinese people and to the free world in the struggle against communism. Viewed in this light Chinese efforts toward greater self-reliance are advantageous not only to the American tax payer but also to the free world as a whole.

9. A further important political consideration in connection with the problem of the Chinese Government's dependency upon the United States is the effect upon the former's prestige, and thus its political appeal. The concept of Formosa as a U.S. base does not hold any political appeal for the Chinese people, necessary as the base may be for stemming the tide of Communist aggression; but the concept of Formosa as the seat of an independent and self-reliant Chinese Government could exercise a powerful political appeal. Moreover, the prestige of the Chinese Government on Formosa is compromised in the eyes of many free world countries due to their belief that it is incompetent and unable to conduct its own affairs. Thus any progress which can be made towards increasing the manifestations of the Chinese National Government's ability to run its own affairs tends to increase its prestige in the eyes of the world and its political appeal to the Chinese people.

10. While the strength of the political leadership of the Chinese National Government depends primarily on its own efforts, and its achievements in this respect will be the principal factor determin-

ing its future role on the mainland, the United States is in a position to give the Government guidance and assistance in the political field in order to increase its confidence and enhance its prestige and political appeal. However, it is important to recognize the limitations of the U.S. role in promoting political reform.

11. These considerations are pertinent: (1) whatever the merits of the present leadership there is no practical alternative to it, in the short run at least, and therefore political reform projects must be planned accordingly; (2) presentation of a blanket political reform program would arouse the deep suspicions of the leadership and could not be implemented without obvious and large-scale U.S. intervention; such intervention would tend to nullify the advantages of any reform it might achieve by giving Formosa the appearance of a U.S. colony rather than the seat of a regenerate Chinese Government.

12. Political reform, as military and economic reform have been, can be approached on an empirical basis, involving careful selection of individual problems based on an analysis of the importance of the solution of the problem to increasing both the efficiency of the Government and its political appeal to the Chinese people. The chances of receiving the leadership's cooperation by presenting reform projects in terms of Chinese self-interest are probably much better than if this end is sought by threats to reduce our aid programs in case our advice is not taken, although the political leverage afforded the United States by such programs should not be overlooked. However, any assumption that the Chinese Government will consent to any given U.S. request, especially in the political field, as a result of U.S. pressure, even if aid is greatly expanded, is unwarranted.

13. The present leadership of the Chinese National Government is composed largely of men who led the successful Chinese Revolution of the 20's, and of their political scions. To meet the political challenge of today, many of these men are still calling on political ideas and following political practices which failed them yesterday. This rigidity of political outlook is fostered by the one-party character of the Government. Unfortunately, many of these young leaders who are now gradually succeeding the old are cast in the same political mold and are little more suited to inject the Government with political vitality than their elders in the Party. There are encouraging exceptions, however, and the situation has slowly improved, especially during the last two years.

14. The political appeal of the Chinese National Government would be enhanced and its ability to deal with political problems on the mainland would be increased if an environment which stimulates rather than stifles new political growth could be created on

Formosa. Thus, the Chinese Government should adopt policies which will permit greater freedom of action for anti-Communist, non-Kuomintang political groups. Leaders of such groups in Hong Kong and among overseas Chinese should be encouraged and be enabled to come to Formosa to indulge in constructive political activities. If such policies were adopted, these leaders might be inclined to offer their support and cooperation to the National Government as a means of achieving a stronger and more united Chinese opposition to communism.

15. On the other hand, while non-Kuomintang Chinese groups should by all means be discouraged from efforts to undermine the Chinese Government, undue pressure should not be placed on such groups to adhere to the Chinese Government, in recognition of the fact that in some instances they may be able to maintain contacts with anti-Communist opposition groups on the mainland more readily than if they were aligned with the Chinese National Government. Thus, it would appear advantageous for the United States to permit its officials, as appropriate, to maintain discreet contact with such individuals and groups, and where it appears that some potential exists for effective anti-Communist activity, to encourage them.

The Foreign Relations of the Chinese National Government

16. Formosa is important not only to U.S. off-shore defense but also to the security of other Pacific countries, particularly Japan, the Philippines and Hong Kong. It is thus to their interest that it remain in friendly hands. Open support for the U.S. policy of denying Formosa to the Communists may be expected to continue from some Pacific powers which recognize the Chinese National Government, such as the Philippines, Japan and Thailand, and tacit support from others, including some recognizing the Chinese Communist regime; e.g., Great Britain.

17. Nevertheless, the inclusion of Formosa in a regional defense arrangement does not at present appear practicable due (1) to the non-recognition of the Government by some Pacific countries; (2) to the serious doubts both as to its present and potential effectiveness by some which do recognize it, e.g., Australia and New Zealand; and (3) to reluctance on the part of other countries to make formal military commitments to the Chinese National Government, given that Government's ultimate objective with respect to China. While there are advantages of a coordinated defense arrangement among the non-communist countries of the Far East, particularly if we are willing to underwrite it, and while such an arrangement might well represent an ultimate objective of the United States in the area, certain political developments must take place to improve re-

lations of the Far Eastern nations before it can become a practical immediate objective.

18. The posture and conduct of the Peiping regime probably have a more decisive effect on Chinese Nationalist relations with other countries than has Chinese Nationalist or U.S. policy. Nevertheless, the Chinese National Government and the United States can also influence these relations through their own policies. Many free world countries are still ignorant of the salutary changes in the Chinese National Government since it was driven from the mainland and of the improvements which have taken place on Formosa. The most important of these improvements have been in the direction of fiscal honesty, sounder budgetary practice, fewer evidences of nepotism, freer self-criticism, more participation in government on local levels (including native Formosans) and land reform geared to return of some government-owned industries to private ownership, in addition to the more tangible improvements in the potential of the military establishment. The combined result has been an appreciable heightening of morale and an increased readiness to assume responsibility on the part of the Government—in other words, a diminution of the "pawn complex", which was so apparent from late 1949 to about the middle of 1951. Recognition of these improvements, coupled with evidence of further progress, particularly to the extent that it comes about through Chinese rather than U.S. efforts, would go far toward increasing the Chinese Government's prestige in the eyes of other non-Communist governments and would have a favorable effect upon its relations with such governments.

19. The Chinese Government's relations with Far Eastern countries having large Chinese minorities could also be improved by a more cooperative approach to the problem of these minorities on the part of both the Chinese National Government and the other governments concerned. The traditional position of the Chinese minorities in these countries has been changed greatly by two major post-war events: (a) the emergence of independent governments in most of the Southeast Asian countries—Philippines, Indonesia, Burma, Vietnam, and (b) the seizure of the China mainland by the communists. Both of these developments have greatly increased the urgency of integrating the Chinese minorities more effectively into the foreign societies in which they dwell.

20. While the pre-war Western colonial empires could tolerate large unassimilated Chinese minorities in their Asian colonies, the small and insecure Asian Governments which have now succeeded to power in these colonial areas cannot tolerate them. Moreover, the Chinese minorities themselves have been for the first time to a large extent cut off from their homeland as a result of the "bamboo

curtain" which has been rung down by the Communist regime. Meanwhile that regime is attempting to convert them into fifth columns against the governments of the countries in which they dwell.

21. The Chinese National Government can play an effective role as a political counterweight to Chinese Communist influence in the overseas Chinese communities, but it can also do considerable harm if it fails to take into account the changed position of the Chinese minorities which has resulted from the two developments mentioned above. The Chinese National Government must play its role, therefore, in close cooperation with the other governments concerned if it is to be effective. By playing its role in this manner the Chinese National Government can realize substantial benefits by way of political and financial support from these important overseas Chinese groups, while simultaneously lessening the Communist capability of utilizing the overseas Chinese for subversive purposes. U.S. objectives would thus be fostered by encouraging the Chinese National Government to take an active, though discreet, interest in overseas Chinese affairs.

22. Despite the best efforts of the Soviet Union and its satellites, the Chinese National Government has retained its seat as the rightful representative of China in all UN bodies in which China is represented and it has continued to be recognized by the majority of the world's nations. The vigorous support of the United States has been an important factor in this record and its continuance is essential. The continued seating of the Chinese National Government in UN bodies is necessary not only to counteract the increase of Communist influence in international councils, but also to preserve and enhance the Chinese National Government's prestige in the eyes of the Chinese people.

23. While continuing to support the seating of the Chinese National Government in the UN, that Government should be encouraged to meet its obligations to the UN as fully as its straitened circumstances will permit, and to evince at every opportunity its sincere belief in UN principles and objectives and in the advantages of international cooperation, thus posing the maximum favorable contrast to the hostile and uncooperative attitude of the Peiping regime.

MILITARY ANALYSIS

Strategic Importance of Formosa

24. Geographically, Formosa and the Pescadores are a portion of our off-shore defense positions. † Their retention in friendly hands is essential to the conduct of air and naval operations in the defense of these positions. Mere neutralization of these islands would not meet U.S. military strategic needs, because it would: (1) considerably improve the Chinese Communist strategic position by permitting the release of some of their defense forces for build-up elsewhere and at the same time; and (2) substantially reduce our own strategic position in the area by restricting freedom of action in the event the military situation requires an attack against the Chinese Communists on the mainland. Military developments may at a later date necessitate the use of these islands by the United States or the Chinese National Government as a base for the conduct of offensive operations against the Chinese Communists. For these reasons it would be in the U.S. interest to incorporate Formosa and the Pescadores within U.S. Far East defense positions by taking all necessary measures to prevent hostile forces from gaining control thereof, even at grave risk of general war.

Importance of Developing the Capabilities of the Chinese National Armed Forces

25. From a military standpoint there are valid reasons for the development of the capabilities of the Chinese National Armed Forces. The National forces on Formosa constitute the only visible source of manpower for extensive guerrilla operations in China and for possible invasion of the mainland, should developments such as overt Chinese Communist intervention in Indochina, or a renewed aggression in Korea, make large-scale U.S. action against China necessary. The maximum feasible development of the National Forces would constitute a sorely needed general military reserve in an area where Western Allied manpower is at present greatly outnumbered by Communist forces. Such a development would further an important objective of NSC 162/1, [3] which seeks to develop indigenous ground forces to counter local aggression. The existence of an indigenous force on the order of half a million men, maintained at a minute fraction of the cost of an equivalent number of U.S. divisions and trained and equipped for operations against Chinese

† Japan, Ryukyus, Formosa, Philippines, Australia and New Zealand. [Footnote in the source text.]

[3] NSC 162/1, "Review of Basic National Security Policy," Oct. 19, 1953, had been amended and adopted by the National Security Council and approved by the President as NSC 162/2 "Basic National Security Policy," Oct. 30, 1953; for documentation on the NSC 162 Series, see vol. II, Part 1, pp. 489 ff.

Communist held territory (especially when considered in the light of U.S. capabilities to transport, supply and support these forces) would pose a threat to communist security and compel the Communists to deploy sizable forces to cope with it. Such deployment would be at the expense of Chinese Communist capabilities elsewhere and be a factor in their consideration of possible future aggression in Asia. Furthermore, the development of the Chinese National Forces represents a logical and necessary step in the reduction of the relative power position of Communist China in Asia through the development of the military strength of non-Communist Asian countries as envisaged in NSC 166.

Limitations on the Maximum Development of the Chinese National Military Potential

26. The problems inherent in any plan to develop substantial military forces on Formosa are numerous and involved. They touch upon the matter of leadership and command, troop replacement, priorities for MDAP assistance, magnitude of U.S. aid programs (both economic and military), ability of the National soldier, sailor and airman to absorb training and physical limitations of training facilities.

27. The requirement for a replacement system is a serious problem and, if an adequate solution is not found, will in the future become increasingly serious. There are perhaps 150,000 available former mainland Chinese civilians now on Formosa who could meet the physical requirements for military service. Alone this constitutes an inadequate source of recruitment. For the long term, the most logical source of military manpower is the native population of Formosa. If assured of fair treatment, and if Formosans were adequately represented in the officer corps, the Formosan people would probably not resist conscription and could furnish between 450,000 and 650,000 able-bodied males in the 15–29 year age groups. However, the effective and extensive use of Formosan manpower, particularly for operations outside Formosa, could be assured only after a further dissipation of the native antipathy to the Nationalists. Directly related to this problem is the reluctance of the National Government to arming substantial numbers of Formosans and to giving them equality of opportunity within the officer corps. Some progress is being made toward a solution of this problem. Its final solution is ultimately connected with steps now being taken to improve relations between the Nationalist regime and the Formosan people.

28. The size and scope of U.S. military aid programs have a direct bearing on the rate and degree of the Chinese National military development. In FY 1951–1953 the U.S. programmed some

382.9 million dollars for the military development of Formosa. About 284 million dollars of economic aid was programmed. To date these programs have made possible the development of a reorganized 21-division army (about 10,000 men per division) with an estimated combat effective rating of about 40% (by U.S. standards), a small navy about 40% effective, and a small air force about 35% effective. The program proposed for FY '54 should materially increase the combat capability of these forces. If a program on the order of 300 million dollars is provided in the FY '55 appropriations, the financial support for a combat ready force of about 21 divisions with a 90-day reserve supply of ammunition and equipment will have been provided. These funds will also provide for the completion of an air force program calling for 8 2/3 wings of aircraft of which 4 1/3 wings will be jet equipped, and a navy materially strengthened in the destroyer category, giving the latter an increased capability for blockade operations. It is estimated the annual cost to the United States of supporting these forces (exclusive of economic aid) beginning in FY 1956 will be about 140 million dollars (including 30 million for common use items).‡

29. Formosa at present ranks below Korea, Indo-China and D-day NATO forces on a priority basis. Assuming a continuation of the armistice or a political settlement in Korea, the build-up provided for in the suggested programs through FY 1955 for Formosa will probably be attained well before the original estimate made [of attainment?] in the spring of 1956. Upon completion of this program, the Chinese National Government should have an army of approximately 350,000 capable of limited offensive operations and possessing a 90-day reserve of ammunition, a small navy capable of conducting limited coastal patrol, anti-shipping and commando operations and an air force designed to provide limited air defense, troop support and interdiction capabilities. Such forces would not enable the Chinese National forces to successfully defend Formosa or initiate large-scale amphibious operations against the mainland of China without U.S. air, naval and logistic support. However, these forces would be able to undertake sustained brigade-size amphibious operations§ against Communist-held territory and raids against communist seaborne commerce utilizing their own forces. Theoretically these forces will be equipped and ready for unop-

‡ Smaller appropriations for FY 1955 would delay but not necessarily disrupt the described build-up. The program could be stretched out to provide for completion at a later date if circumstances required. [Footnote in the source text.]

§ Combat consumption of ammunition and supplies would rapidly deplete the 90-day reserve of any unit engaged in such operations necessitating a diversion of replacement supplies from other units and subsequent resupply from the U.S. [Footnote in the source text.]

posed amphibious operations of perhaps two-division size. In actuality, however, logistic inadequacies will reduce these capabilities to brigade-size operations. If the United States were to undertake to support the landing operations with landing craft now in Korean waters, and supply them for as long as necessary while providing adequate air, and naval support, perhaps as many as 3 divisions of about 12,000 men each could be utilized at one time. Additional lift brought in from other areas would further increase their capabilities. Such an operation might be profitable in the event the Korean or Indo-chinese war expands beyond present limits. It is anticipated these forces would be at their best if used against the Chinese mainland, for the strong desire of the Nationalists to return to the mainland would be reinforcing their efforts.

30. The rate at which the Chinese soldier, sailor or airman can absorb modern technological training has also been a limiting factor in the development of the military potential of the National forces. This has been especially true of the navy where the rate of flow in general of MDAP items has been adequate to fully utilize the capabilities of the Chinese Navy to receive, identify, allocate and utilize the material. At present U.S. Naval instructors are emphasizing both underway and school type training. In the air force both Zone of the Interior and on-the-job training programs have been quite successful in raising the general level of proficiency of technicians and air crews. The transition from piston to jet fighters is being made in an orderly manner. In the army, steady and continuing improvement is being made with some deficiencies still noted in the professional capabilities of officers and key non-commissioned officers. The relinquishment to junior officers of some of the centralized control now held by senior officers, would improve the situation materially. Very marked improvement has been noted in the past year in the field artillery. The Combined Service Forces, whose mission is to support the armed forces logistically, has retained limited capabilities (about 20% effective by U.S. standards at present), due to the fact that technical training has been a slow process. Their ability to sustain combat operations is very limited and probably will continue limited for some time to come despite U.S. training efforts.

Present Vulnerability of Formosa

31. The arrival of jet aircraft this year has improved the capabilities of the Nationalist Air Force to defend Formosa. Nevertheless U.S. air support is still necessary to insure the defense of Formosa against large-scale Communist attacks. At the present time no U.S. jet fighters are based on Formosa to carry out our announced intention to defend it. Furthermore, the Chinese National anti-air-

craft units have a very limited capability at the present time, although recent measures to speed up the delivery of anti-aircraft material should improve the situation. Aircraft carriers now in Korean or Japanese waters would probably have to be rushed to Formosa in the event of sustained communist jet air attacks. For this reason it appears desirable to maintain the right to develop facilities on Formosa for the use of U.S. forces in the event of need. Such facilities include, among other things, POL storage and spare parts supply depots for the use of U.S. air and naval forces which might be engaged in the defense of the island at a later date.

Coordinated Military Planning

32. The increasing development of the military potential on Formosa raises the question of the proper utilization of this potential in the political and military struggle now going on in the Far East. Until recently the United States had exacted no assurances from the National Government of China that these forces would not be used in a manner inimical to the best interests of the United States. While Chiang has agreed to clear all plans for sizable operations against the Communists with the United States, the larger problem of the use of these forces in operations which the U.S. may wish to undertake at some future date still remains unsettled.

33. Without minimizing the difficulty of getting any military commitments out of Chiang, it seems clear that the United States should seek to insure the maximum cooperation of the Nationalists in the furtherance of over-all U.S. military strategy in the Far East.

Consequences of and Reactions to the Proposed Military Program

34. *Present Chinese Communist reaction.* The Chinese Communists are certainly already aware, through their intelligence operations on Formosa and elsewhere, of the general scope of U.S. military assistance to the Chinese Nationalists. They have not evidenced any serious concern over this build-up, but they have been gradually strengthening their defenses in the East China coast area. Defensive installations are being built along the coast, anti-aircraft artillery is being installed around key centers, and the recent rotation of combat-seasoned troops into East China from Korea, with at least some of their modern and heavy weapons, has improved the quality of the forces in the coastal area.

35. *Probable Chinese Communist reactions.* Shanghai and Canton are the only substantial strategic targets along or within ready striking distance of the East China coast. Hence, the direct military results of Nationalist ground operations would almost certainly be limited, even should the Nationalists secure temporary lodgments. Furthermore, the Chinese Communists probably rate Na-

tionalist capabilities as fairly low at present; Peiping probably believes that the Chinese National Government desires to conserve its limited military manpower until such time as circumstances offer assurances of U.S. support for an invasion of the mainland, in which neither objectives or support are limited. The Chinese Communists would not, therefore, be seriously concerned about the direct military threat of Chinese Nationalist raids or temporary lodgments. They would be sensitive however, of U.S. intent to provide large-scale support of these forces in such operations.

36. The possible political effects of large-scale Nationalist raids would cause Peiping some concern. Although mainland guerrilla strength is currently estimated at 50,000 or less (on the basis of scanty evidence), there is undoubtedly substantial latent unrest in South and East China, the areas directly threatened, and if internal Communist stability were to deteriorate over the next two years (now estimated as unlikely) successful Nationalist operations, gaining even a temporary lodgment, might set off a wave of defection, at least in the immediate area. Moreover, the fact that the Chinese Nationalists on Formosa retained sufficient strength to secure temporary lodgments on the mainland would belie Peiping's propaganda on the "weakness" of the "Kuomintang remnants" and possibly stiffen passive resistance to the regime throughout mainland China.

37. As Nationalist strength increased, therefore, there probably would be a step-up in Communist defensive measures along the East China coast, including the deployment of additional troops. Unless the Nationalist raids actually induced considerable defection, it is doubtful if the redeployment would affect the strength of Communist forces in other key areas such as Korea or along the border of Indochina, since there are large numbers of troops in central China that could be moved towards the coast. Such measures would tend to increase the strains on the Chinese Communist economy, but would not be of major importance in this respect. To meet the air threat from Formosa, the Chinese Communists would probably deploy additional MIG-15's, TU-2 piston light bombers and perhaps IL-28 light jet bombers into the area between Shanghai and Canton. Ample air reinforcements, including IL-28's, will almost certainly be readily available without reducing present strength in Manchuria and Korea.

38. *Effect of an impression of U.S. assistance.* The Chinese Communists may believe, on the basis of past and current U.S. official statements and activities on Formosa, that the United States is attempting to develop forces and bases on Formosa in preparation for future combined US-Nationalist operations against the mainland. Their current activities do not indicate, however, that they regard

such operations as an imminent threat, and their future reactions are likely to depend on estimates, which would probably be quite realistic, of the capabilities of the forces on and about Formosa. If, as a result of a significant build-up of U.S. naval and air forces at bases in or near Formosa and other indications, the Chinese Communists became convinced that the United States was prepared to support directly with such naval and air forces the Nationalist force in an invasion of the mainland, the Chinese Communists would almost certainly affect major redeployments of their ground and air forces in order to counter the threat. Such a redeployment probably would not cause a reduction in the number of troops in Korea. If this situation coincided with a period in which large replacements were required in Korea, however, serious strains might be placed on available trained military manpower and on the transportation system.

39. *Summary.* In the absence of large-scale defection or a belief in imminent U.S. air and naval support, the implementation of the program for strengthening Nationalist China's military capabilities would not compel the Chinese Communists to materially weaken their forces in Korea and would probably not, by itself, induce the Chinese Communists to seek a settlement of Korean or other issues with the United States. However, the development of a trained force of 350,000 on Formosa, along with an increased Nationalist air and naval capability, would represent a threat to the East China area which the Chinese Communists would have to counter by the commitment of strong ground and air forces in the area. Peiping's calculations with respect to present and future military operations would then be affected by the necessity of maintaining such a defensive military posture along their threatened coastal border.

40. *Soviet reaction.* U.S. assistance to the Nationalist forces on Formosa has produced no important reaction from the USSR thus far, although consideration of the potential threat may well be a factor influencing the extent of Soviet material and advisory assistance to the Chinese Communist air, ground, and naval forces. The USSR will undoubtedly watch developments on Formosa closely, especially for indications of a U.S. intent to provide air and naval support for Nationalist attacks on the mainland. The USSR would probably attempt to provide Communist China with the necessary military material to counter such combined operations.

41. *Non-Communist reaction.* Non-Communist reaction to the U.S. effort to develop Nationalist military capabilities has generally been unfavorable. Western European nations have been sensitive to any U.S. policy which involved the possibility of extended hostilities in the Far East or a diversion of U.S. resources to Asia.

There has been a widespread belief in Western Europe, the Middle East, South Asia, and Southeast Asia that Chiang Kai-shek and his government are vestiges of the past which few mainland Chinese would be willing to support if they attempted to return to the mainland. Important Southeast Asian opinion, in addition to believing that Chiang has no future on the mainland, fears that Nationalist operations might develop into general war in the Far East which might envelop Southeast Asia. Japan, while desiring to split Communist China off from the USSR, or otherwise reduce the power of Far Eastern communism, has been apprehensive lest U.S. support to the Nationalists result in a serious reduction of U.S. strength available to defend Japan. These various attitudes may change if the Nationalist Government can increase its prestige through effective administration of Formosa, if the Communists persist in refusing to make a settlement in Korea or if they expand their military pressures, and if non-Communist governments come to believe that Chiang's forces can perform a valuable service merely by their existence as a threat on Formosa.

ECONOMIC ANALYSIS

Current Situation

42. Formosa had a population in 1949 of over 7.0 million, which has increased to approximately 9.2 million by natural growth plus the arrival of the Chinese National Government, armed forces, dependents and other refugees from China.

43. The economy of Formosa suffered severely from war damage and the disruption of traditional trade patterns; but the combination of its rich resources and the vigor of recent efforts at economic rehabilitation would by now have sufficed to make the island self-supporting and relatively prosperous were it not for the burden of the Chinese National Government and its armed forces. The imposition of these two million mainland Chinese and the necessity of maintaining a military establishment of half a million men severely strain Formosa's domestic and foreign exchange resources and periodically threaten dangerous inflation. In 1950 alone, retail prices rose 58% and from mid-1949 to the end of 1951 wholesale prices rose 400%, with a consequent hoarding of crops, investment for speculation rather than for production, and disorderly government processes of taxation and budgeting. At present military costs constitute 80% of the national budget and approximately 50% of the consolidated national, provincial and local budgets. So long as the present military burden must be carried, it is evident that the Formosan economy cannot be sustained without external assistance for at least three or four years. While present aid planning is

based upon the concept of progressively diminishing economic (as distinct from military) assistance, if military activity is substantially increased, self support for the Formosan economy may become a more distant goal.

44. The U.S. economic aid program (including common-use items) for Formosa totaled $98 million for fiscal year 1951, $81.5 million for fiscal year 1952 and $105.5 million for fiscal year 1953. The objectives of the economic aid program are to: (a) maintain economic stability, (b) lend economic support to the U.S. military assistance program, (c) develop industry and agriculture so that Formosa can become more nearly self-supporting.

45. Significant progress has been made over the past few years to expand trade, and to increase agricultural yields and industrial production:

a. The value of total exports in 1952 was 29% higher than the 1950 and 1951 level. Trade with Japan, traditionally Formosa's chief trading partner, has been substantially revived by an agreement signed in September 1950. In 1952 Japan took one-half of the Formosan exports (mostly rice, salt, and sugar) while supplying nearly the same proportion of Formosan imports (mostly textiles, fertilizers and machinery).

b. Trade with other Asian countries, particularly Hong Kong and Malaya, is beginning to reach significant levels.

c. Imports into Formosa financed by the Mutual Security Agency during the period from July 1, 1950 through January 1953 totalled $164 million. These imports have consisted of raw materials for industries, chemical fertilizers, necessary consumers goods and industrial equipment otherwise not available from the limited amounts of Chinese foreign exchange.

d. Industrial production in some industries greatly exceeds pre-war Japanese levels.

e. Although agricultural production and general living standards are below pre-war levels, an island-wide effort is well under way to improve the lot of the farmers, 60% of the total population, through such means as: fixed land rentals and sale of land to tenants, control of animal and plant diseases, livestock upbreeding, better irrigation and chemical fertilizers. Rice production is already somewhat higher than pre-war, and higher (on an annual yield per acre basis) than any country in the Far East.

46. As against these evidences of progress, economic weaknesses are still apparent. Public sensitivity to commodity shortages tends to produce radical fluctuations of prices and interest rates; gold and foreign exchange reserves are precariously small; the danger of a crippling inflation is accordingly ever-present, currently stimulated by Chinese military pressures to expand defense projects, training, raise pay scales and to stockpile rice. All of the arable land is now under cultivation, yet the birth rate is more than 42 per 1000 as opposed to a death rate of 11 per 1000. Continuation of this rate

would double the population in about 20 years and convert the island into a net food importer.

47. When viewed in the longer perspective, however, Formosa has many of the physical prerequisites and potentialities for becoming one of the most stable and attractive societies in the Far East. Its relatively advanced state of material development, industrialization and literacy, its high agricultural productivity, its knowledge and application of modern methods could make it, with proper guidance, assistance, encouragement and opportunity for trade, a splendid "show window" of the free world in Asia.

Analysis of Cost Trends Resulting from Intensified Military Activity in Formosa

48. The current cost of economic aid is analyzed below for purposes of comparison with the foreseeable cost trends arising from an intensified military build-up and possible offensive action.

49. For purposes of this study, the costs of economic aid are divided into two components, "Developmental" and "Stabilizing". Of the two, the stabilizing component is predominant, although funds have been increasingly devoted to expanding industrial developments designed to achieve eventual self support.

50. The core of the economic aid program is the stabilizing component. The funds spent for stabilization are dual purpose funds in the sense that they (a) generate local currency counterpart to cover local FOA costs and to finance National Government of the Republic of China (NGRC) budget deficits (as discussed below), and (b) finance imports of essential commodities. The former is considered the more important purpose.

51. Formosa has a substantial demand back-log for imports since the current level of imports is only about 60% of the pre-war level on a per-capita basis (exclusive of military end item imports). More imports are desirable from the standpoint of normal Formosan living standards (except in rural areas). The actual magnitude of the stabilizing component of the aid program is determined, therefore, not on the basis of what imports are desirable to meet consumer demands, but rather on the basis of how much must be spent for imported commodities to generate counterpart which in turn is needed to finance Chinese National Government deficits. Only if the deficits are reduced to manageable proportions can inflation be curbed.

52. Experience in Formosa indicates that inflation control is a prerequisite to progress in all other fields. Once out of control, inflation tends to reduce investment for production, leads to hoarding, disrupts orderly processes of budgeting, and weakens political control. Not until April 1952 was inflation brought fully under con-

trol, principally through a combination of strict expenditure limitations administered by the Mutual Security Agency and the Military Assistance Advisory Group, plus sizable stabilization imports. Supplementary measures to offset inflation have included production increases, credit controls, technical assistance in taxation, budgeting, and foreign trade. It is generally recognized that the National Government of China is making a determined effort to maximize Government reserves. By Far Eastern standards the results are considered excellent, and are markedly superior, for example, to results in the Philippines and Thailand. In some fields tax collections are excessive with a consequent adverse effect on incentive and capital formation.

53. Since the costs of U.S. economic aid are directly related to the local currency budget, the 1952 budget is shown below for purposes of illustration:

Budget for Calendar Year 1952
All Levels of Government

(Expressed in Millions of US$. Local currency has been converted at the counterpart rate of NT$11.6 to $1 U.S.)

Budget Item	*Amount*	*Percentage of Total*
National Defense	$119.8	45.7
Reconstruction	48.3	18.4
Education	27.3	10.4
Loans, etc.	17.2	6.6
Police	14.6	5.6
Debt Service	12.5	4.8
Health	6.7	2.5
Foreign Affairs	3.6	1.4
Legislative/Judicial	3.6	1.4
Administrative, etc.	8.6	3.2
Total	$262.2	100.0

54. The predominant item is national defense which requires nearly half of all funds (available to the Central, Provincial and local governments). The National Defense Budget for 1952 was as follows:

[Here follows a list of the various components of the Chinese defense budget and the amounts allocated to them.]

55. Although it is impossible accurately to estimate costs arising from intensified military build-up, certain trends can be assessed. A downward influence on cost trends will result from the contin-

ued exercise of Foreign Operations Administration and Military Assistance Advisory Group controls over spending by the Chinese National Government. At the same time, however, an upward influence will result from increased military activity.

a. A policy of encouraging raids on the mainland could well increase the "Operations" item of the budget (see fifth item in National Defense Budget above). The total expenditures for "Operations" were $13.3 million during 1952, when raiding activity was conducted on a limited scale. A policy of increasing logistical support of guerrillas could well increase the budget items of "Food", for example, as well as "Administration" and "Ship Repair" (see National Defense Budget above). This would at the same time result in the loss of earnings from rice exports.

b. Further costs appear possible as the result of accelerated military preparedness. In a desire to ready themselves for military operations on the mainland, the Chinese military authorities would probably continue their practice of demanding services and goods without cost or at a discount. Experience in 1952 showed hidden or unadmitted deficits of this nature amounting to the equivalent of U.S. $11.5 million. Costs of greater magnitude may occur in subsequent years.

c. A number of consequences, difficult to quantify, but none the less real, are foreseeable if retaliatory military action by the Communist Air Force takes place. In the event of air attacks, it can be assumed that imports and exports will be at least temporarily suspended as vessels seek safehaven in accordance with their insurance or union contracts. Other consequences of communist military action would include reduction of export earnings; sharp price rises as commodities, particularly rice, are hoarded; and decrease in both domestic and foreign capital investment for production. The Chinese National Government would find it necessary to raise emergency revenues and undoubtedly U.S. assistance would be sought, as in the past, in order to import such items as flour, textiles, canned goods, etc., which can be readily sold on the local market and turned into cash for the Government. An emergency import program, costing the United States about $29 million in the fiscal year 1951, was undertaken when it became apparent that the local costs of roads, airfields and supplies had to be defrayed. These expenditures were necessary in order to prepare the way for the arrival of end-items and the initiation in 1951 of the training programs sponsored by the Military Assistance Advisory Group. Communist raids on Formosa would warrant similar expenditures for commodity imports. The magnitude of such an import program would vary with U.S. military intentions at the time, and the extent to which the United States is prepared to curtail other objectives.

d. Funds under the "Common Use" program are used to finance the importation of commodities not furnished under the Mutual Defense Assistance Program which are required by the forces of the Chinese National Government. These commodity imports include aviation gasoline, lubricating oils, soya beans, flour, as well as raw materials used for the construction of barracks, airfields,

repair shops, harbor facilities and raw materials used to manufacture small arms, ammunition, uniforms, etc. The influence of an intensified military build-up on the common use program is difficult to assess in view of some current developments which will exert downward pressure on cost trends. For example, the textile industry in Formosa has expanded to a point where fewer dollar imports of cloth are required, off-shore procurement contracts are being concluded which will help finance the raw material costs in the arsenals, plans are being made for the refining of aviation gasoline and the manufacture of lubes. Greater military activity may, however, result in certain increased costs. For example, more imports may be needed for the accelerated construction of harbor facilities and repair shops, and for the supply of troops, both in Formosa and possibly in the mainland, now underequipped for offensive action.

56. In summary, there appears to be little doubt that accelerated military activity, including intensified offensive operations, will result in rising costs. The chief increase will result in the cost of commodities required to cushion the impact of heavy military expenditures by the Chinese National Government and possible disruption of local production and distribution. Additional costs may also arise in terms of a larger volume of imports under the common use program.

No. 151

793.02/11-1053: Telegram

The Secretary of State to the Embassy in the Republic of China [1]

TOP SECRET
NIACT

WASHINGTON, November 10, 1953—6:36 p.m.

423. Eyes only Nixon [2] from the Secretary. Understand there has been cabled you text of questions and answers at my press conference Monday [3] as to whether our ban against Chinese Communist recognition was "forever." [4] Question was unexpected and answer

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[1] Drafted by Secretary Dulles.

[2] Vice President Nixon visited the Republic of China Nov. 8–12, in the course of a trip through Asia and the Middle East; for his oral report of Dec. 23 to the National Security Council, see Document 163.

[3] Nov. 9.

[4] According to a transcript of this portion of the press conference, the relevant question and answer read as follows:

"Q. Mr. Secretary, on the possibility of the ultimate admission of Red China, is there any—however indefinite—procedure or any situation which this Government has envisaged which might make that acceptable to us at some future time?

"A. I do not think that this Administration has ever said that it would be forever opposed to a recognition of a Communist Government in China. We have said that

Continued

extemporaneous and I regret it occurred while you were at Taipei. However, for your strictly confidential information, would point out that it happened that the President had several times, and indeed that very morning, asked me to make a statement along this line.

DULLES

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so long as the Communist Government in China is a proclaimed aggressor in Korea and has not purged itself, so long as it is promoting aggression in Indochina and so long as it is in general conducting itself in a way which is not becoming of a nation which presumably has the obligations that are expressed in the Charter, so long as those conditions exist, it seems to us quite out of order to consider the matter."

The page of transcript bears the following notation in Dulles' handwriting: "Shown to President and approved by him Nov. 9, 1953. JFD" (Eisenhower Library, Dulles papers, "UN Matters")

No. 152

793.02/11-1253: Telegram

The Ambassador in Korea (Briggs) to the Department of State

SECRET PRIORITY SEOUL, November 12, 1953—6 p.m.

416. Eyes only for the Secretary. From Vice President Nixon. Your statement re Red China recognition did not cause any particular concern with Chiang or other top Nationalist officials since they realize that from a practical standpoint there is very little likelihood the Communist regime will meet the conditions you set forth and they so informed me. The press reactions were as might be expected, quite emotional. I believe, however, that the opinion held by top officials will be gradually reflected among the people generally. Contrary to what you may have read in the press, your statement did not cause me embarrassment. I knew that what you said represented our official view and can understand that [*the*] circumstances which led to making the statement. The only note of caution I might sound would be that it would be unfortunate to let it appear publicly in any way that United States was willing to trade recognition and admission to United Nations for political settlement in Korea. As you can well understand, such an impression is easily created in these areas because of the high sensitivity of the government and peoples.

I was extremely careful in my public and private statements in Formosa to avoid expressing any approval of military action to return to the mainland. Any press reports indicating the contrary had no basis in fact. I limited my public and private statements to commendation of the military and economic progress which has

been made in Formosa and to express a conviction that the Chinese people could not indefinitely allow the freedoms and their contact with the free nations to be cut off by the actions of a totalitarian government.

I have appreciated receiving your wires containing background information on late policy developments. They are extremely helpful in keeping me abreast of current thinking. Expect to see Rhee today and will attempt to carry out your instructions. [1]

BRIGGS

[1] Regarding Dulles' instructions to Nixon, see the letter from Dulles to Nixon, Nov. 4, vol. xv, Part 2, p. 1590.

No. 153

033.1100 NI/11-1353: Telegram

The Secretary of State to the Embassy in the Republic of China [1]

SECRET
PRIORITY

WASHINGTON, November 13, 1953—2:13 p.m.

431. For Ambassador from Secretary. Vice President Nixon reported to me that it would be most unfortunate if any impression was gained that U.S. was willing to trade recognition and admission to the UN of Communist China for a Korean political settlement. To combat such impression you may find it useful to recall part of what I said at my press conference of July 28.

"As far as I personally am concerned, I think I have made it clear I would not be prepared on behalf of the United States to try to buy the unity of Korea at the price of a concession which would involve bringing Communist China into the UN and, above all, into the Security Council."

You can point out that this continues to be our policy and that my recent statement explaining why recognition of Red China is now not to be considered does not alter earlier statement in any way.

DULLES

[1] Drafted by Roderic L. O'Connor, Special Assistant to Secretary Dulles.

No. 154

793.5/11-1853: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State [1]

CONFIDENTIAL TAIPEI, November 18, 1953—5 p.m.

287. Recent statements by United States Congressmen and others favoring some kind of a defense pact to include Republic of China have been paralleled although apparently not directly stimulated by informal Chinese suggestions for a United States–China Security Pact along lines of those signed with Philippines, Japan and Korea. [2]

For example Chinese Foreign Minister mentioned matter to Vice President Nixon during latter's Formosa visit as something to think about.

Official opinion here would expect no important practical changes in US support for free China as result of concluding security pact. However such pact would be regarded as having considerable political significance and would allay fears of possible shift in United States policy toward recognition and United Nations admission of Peiping regime. In other words United States policy toward free China would be widely considered to have assumed medium to long term instead of short term character. Grievance that security pact given to ex-enemy Japan and withheld from ally China also would be removed.

RANKIN

[1] Repeated for information to Tokyo, Manila, and Seoul.

[2] For the text of the Mutual Defense Treaty between the Republic of Korea and the United States, signed at Washington on Oct. 1, 1953, see TIAS 3097 or 5 UST (pt. 3) 2368.

No. 155

793.11/11-3053

The Ambassador in the Republic of China (Rankin) to the Department of State

SECRET TAIPEI, November 30, 1953.

No. 320

Subject: Views of President Chiang Kai-shek as Expressed to Official American Visitors in October–November 1953.

During the months of October and November 1953, a succession of important American officials, both civilian and military, visited Formosa. They included two United States senators, 14 members of the House of Representatives, two four-star and three three-star admirals. Details of these visits have been or will be reported in separate, unclassified despatches in every case. Each of the visitors, with three exceptions, had at least one interview with President Chiang Kai-shek, and it is the purpose of the present despatch to summarize the salient points raised in these conversations, as well as to comment incidentally.

It is my general practice to accompany each visitor who meets President Chiang for the first time. In cases where there is a long standing acquaintanceship, I usually ask the visitor whether he prefers to have me with him or to see the President alone. Examples of the latter were the visits of Senators William F. Knowland and H. Alexander Smith.

The visit of Vice President Richard M. Nixon was a special case, particularly since he and Mrs. Nixon were house guests of the Chiangs. I inquired as to the Vice President's wishes, and he responded with the question as to which course Chiang would prefer. I replied that the President probably would prefer to see him alone and might speak more frankly under such circumstances. In consequence, they spent nearly eight hours together, with only interpreters present. The interpreters included the President's confidential secretary, Sampson Shen, the Foreign Minister, and Madame Chiang.

The Chinese prepared a lengthy memorandum of the Chiang-Nixon conversations and sent a copy to Vice President Nixon through the Chinese Ambassador in Tokyo. Unfortunately they kept only one copy in Taipei, and for reasons best known to President Chiang not even the Foreign Office has been permitted to place the text in its files. However, I was permitted to read the one copy in Taipei, besides discussing the subject matter with the Vice President. Other official visitors who have seen Chiang alone also have told me about their conversations.

In receiving official American visitors President Chiang is cordial—almost affable—and smiles most of the time during a conversation. He makes a special effort to be informal, and in the case of house guests may show them to their rooms himself. He permits himself an occasional joke and seems to enjoy attempts at humor on the part of his guests. After a few initial pleasantries, however, he usually manages to get around to the themes closest to his heart. In the case of a visitor whom he has not previously met, and of whose views he is uncertain, Chiang ordinarily begins by expressing sincere appreciation of the aid so far extended by the

United States. Currently, however, he notes with regret that deliveries of military equipment are behind schedule, that 30 percent of all such items appropriated for and allocated in the fiscal years 1951–53 have not yet been delivered, and that nothing from the 1954 program has yet arrived. He expresses the hope that his distinguished visitor will exert any influence he may consider appropriate to expedite these deliveries; also to provide sufficient "economic" aid to support the large military program which is placing an excessive burden on Formosa's economy.

At this point the questions of Korea or Indo-China frequently arise. Chiang makes it clear that he considers both problems insoluble by themselves. As long as the China Mainland remains in Communist hands, he believes that all neighboring countries will not only be under constant threat of aggression but will be kept in turmoil as may be necessary to serve Communist ends. Apparently he does not expect an early resumption of fighting in Korea, or open intervention by the Chinese Reds in Indo-China. In fact, he considers the present situation in those two countries to be all but ideal from the standpoint of the Kremlin. Important military forces of Communist China, the United States and France are tied down, while no Soviet forces are involved in any way. If the United States or France should weary of the game and withdraw, the Communists would take over. But there is no hurry about this, and meanwhile Red China continues to be desirably involved, largely dependent upon the Soviet Union for various kinds of support, and unable to get ahead with an industrial program which otherwise might eventually produce a degree of military and economic independence. All of this is according to President Chiang.

If he considers his listeners to be particularly sympathetic to his point of view, or if they are successful in drawing him out, Chiang will expand on his central theme: a return to the China Mainland of his armed forces and his government as the only practicable means of liberating China from Communist control and at the same time removing the threat of Red aggression against peripheral regions such as Southeast Asia. He estimates that a successful landing in South China would require 600,000 men, which would be well within the manpower resources of Formosa. Within three to six months after establishing a substantial beachhead, exploiting it as opportunity might warrant, and defeating all attempts to dislodge his forces, he confidently expects to gain the active support of the local population concerned, and to see the beginning of large scale defections from the Communist forces to his. He also is confident that the Soviets would not intervene in such an operation, particularly in south China, unless they had decided in any event to precipitate a general war.

President Chiang is careful to point out, however, that while he has sufficient manpower to undertake a return to the China Mainland, United States policy will determine whether such an operation is to be made possible. He recognizes that a considerable expansion in the present military aid program would be required. Depending upon the rapidity of such expansion, he estimates that to prepare for a successful invasion would require from three to six years, beginning immediately. He also mentions the need of continuing United States logistical support during the operation, but appears to assume that his air and naval forces could be made adequate to the occasion.

Apparently on the assumptions that the effort put forth in Korea by the Chinese Communists represented their maximum present capability, and that increasingly long and difficult communications would reduce that capability in corresponding degree as the projected threater of operations is moved to the south, Chiang occasionally expands on the details of the campaign which he foresees. He did so with Vice President Nixon. His reference to a minimum preparatory period of three years might suggest that he is not impatient. But evidently he realizes that his chances of success will depend in large degree upon the relative speed with which the offensive power of his forces and that of the Chinese Reds are increased between now and M-Day. This explains why his most modest request—speeding up the delivery of arms already authorized—is so often repeated. Moreover, he understands very well that any increase in the size of his military establishment will necessitate larger economic aid.

On comparatively rare occasions, President Chiang's impatience with what he considers the extreme slowness of American policy development becomes evident. This occurred during his talk with Senator H. Alexander Smith and myself before dinner on the evening of November 6, and again after dinner in a larger group including Senator Smith, Mr. Francis Wilcox, [1] Admiral Felix B. Stump and Vice Admiral William K. Phillips. [2] Chiang made four points, substantially as follows:

1. The United States still has no Far Eastern policy.
2. The United States is expending its resources in Korea and Indo-China to no purpose whatever.
3. Everything the United States is doing in the Far East at the present time is exactly as the Soviets would have it done.
4. The only solution for Asia and for the whole world is to get at the heart of the matter and drive the Communists out of China.

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[1] Chief of Staff of the Senate Foreign Relations Committee.
[2] Commander, First Fleet.

I attempted to steer the conversation into smoother waters by suggesting that since, for whatever reasons, the United States was not at present prepared to tackle directly the problem of Mainland China, as an interim measure the President would no doubt favor our helping in Indo-China. But he insisted that this was pure waste.

With reference to Chiang's intimation that the United States was doing everything wrong, Admiral Phillips expressed the thoughts of most of us when he asked bluntly if the President wanted the United States to pull out of Asia and go home. Another of the Americans present, Mr. Wilcox as I recall, put the question whether the United States had made a mistake in going to the aid of Korea. Apparently realizing by this time that he had gone too far, and prompted by the Chinese Foreign Minister who had been absent during the first part of the discussion, Chiang retreated to the extent of admitting that we had taken the right course of action in Korea in 1950, and that under the circumstances we should help the French in Indo-China.

Senator Smith left Taipei on the morning after the discussion just described. At breakfast he was waited on by Premier Chen Cheng and the President's elder son, Lt. General Chiang Ching-kuo, who had been sent to explain away some of the pronouncements of the night before. I also suggested to the Senator that Chiang's statements should not be taken literally, but rather as a reflection of his keen disappointment over Far Eastern policy development under our new Administration, upon which he had counted so much.

President Chiang's outburst before Senator Smith appears to have served one useful purpose: he has since been much more restrained in talking with official Americans. I told Vice President Nixon something of foregoing incident before his departure, and his reply was to the effect that neither in tone or substance had Chiang gone to extremes during their lengthy talks. This is also borne out by the Chinese memorandum of conversation, although the latter bears evidence of the delicate editorial touch of Madame Chiang.

Other topics discussed in the various meetings between President Chiang and the American visitors included relations with Japan, the Far Eastern policy of the United Kingdom and the possibilities for additional defense pacts between countries with interests in the Western Pacific. The last subject was touched upon by President Chiang in his talks with Vice President Nixon. However, statements made in these connections were of secondary interest in comparison to the topics dealt with in earlier paragraphs.

Copies of despatch pouched to Hong Kong and Tokyo.

Action requested: Department please send copies of this despatch to Seoul, Saigon, Manila, Singapore, Rangoon, New Delhi, Moscow and London.

K. L. RANKIN

III. DECEMBER 1953–AUGUST 1954: DISCUSSIONS AT THE GENEVA CONFERENCE WITH REPRESENTATIVES OF THE PEOPLE'S REPUBLIC OF CHINA CONCERNING U.S. NATIONALS IN CHINA AND CHINESE NATIONALS IN THE UNITED STATES; U.S. CONCERN WITH THE DEFENSE OF THE CHINESE OFFSHORE ISLANDS; SHIP AND PLANE INCIDENTS IN THE CHINA AREA; CONSIDERATION OF A MUTUAL SECURITY TREATY BETWEEN THE UNITED STATES AND THE REPUBLIC OF CHINA

No. 156

293.1111/12-353: Telegram

The Ambassador in the United Kingdom (Aldrich) to the Department of State

CONFIDENTIAL LONDON, December 3, 1953—6 p.m.

2415. Reference Department's CA–1311, September 9. [1] Foreign Office has received following from British mission Peiping, bearing on Department's desire for follow-up regarding British letter number 159, July 9, 1953, concerning United States Catholic missionaries under arrest Shanghai. Trevelyan, for many weeks, has been attempting obtain personal interview with Chinese Communist Vice Minister, Foreign Affairs or Director of Western Europe and African department, in order discuss all detainees and general question of status British firms. Efforts unsuccessful to date.

During recent visit to Shanghai, from which he returned to Peiping November 26, Trevelyan went in to question United States missionaries prior making decision as to form of further representations. His report, dated November 28, in substance as follows:

1. There is little chance of missionaries being released near future.
2. Trevelyan reluctant make strong representations regarding United States missionaries alone, without mentioning British Commonwealth and other American citizens under detention, about whom there is no information available.
3. Trevelyan suggests, if no objection, he now send further note in strong terms protesting that no replies received to previous re-

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[1] Instruction CA–1311 to London, Sept. 9, stated the Department's desire that the British Chargé in Peking take action to follow up a letter he had sent to the Chinese authorities on July 9 protesting the arrest of several American Catholic missionaries in Shanghai. (293.1111/9–953)

quests for information and referring specifically fact further arrest of American Catholic missionaries made Shanghai June 1953, for which there is no apparent justification. The new note, if sent, would refer to British note number 83, of April 21, 1953 (see Embassy 6186, June 25). [2]

Foreign Office has not acted on message, but probably will raise no objection to Trevelyan's suggestion. Will advise what action taken when so informed by Foreign Office. [3]

ALDRICH

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[2] Despatch 6186 from London, June 25, transmitted a copy of a note sent on Apr. 21 by the British Chargé in Peking to the Chinese authorities protesting the detention of U.S. and British Commonwealth nationals in China. (293.1111/6-2553)

[3] Telegram 2980 from London, Jan. 13, 1954, reported that the British Mission in Peking had suggested that, in view of the recent release of several priests from prison, the delivery of a new note should be postponed for a few weeks in order to watch developments. (293.1111/1-1354) Telegram 3623 from London, Feb. 23, 1954, reported that British Chargé Trevelyan had that day presented a formal note to the Chinese authorities protesting on behalf of all Canadians, British, and Americans known to be arrested or interned on the Chinese mainland. (293.1111/2-2354)

No. 157

794A.5/12-753

The Secretary of Defense (Wilson) to the Secretary of State

CONFIDENTIAL WASHINGTON, December 7, 1953.

DEAR MR. SECRETARY: I have approved a recommendation by the Joint Chiefs of Staff that the following vessels and craft be loaned to the National Government of the Republic of China for the purpose of aiding in the defense of offshore islands held by that government:

(1) 10 patrol-type craft.
(2) 2 landing craft repair ships (ARL).
(3) Not more than 100 small landing craft (LCM/LCVP).
(4) Not more than 10 additional patrol-type craft, consistent with increase in NGRC capability to operate and maintain them.

These vessels and craft would be in addition to the two destroyers already scheduled for loan to the NGRC, and in addition to 100 small landing craft included in the Navy 1953 military grant aid program but not yet delivered. Of the maximum number of 200 small craft, it is planned to deliver only 32 (24 LCVP's and 8 LCM's) in the near future; the remainder will be delivered only after further consideration of requirements and capabilities.

The loan of the vessels and craft covered by the Joint Chiefs of Staff recommendation would be for a period not to exceed five

years and subject to other terms and conditions similar to those which have been used to govern loans of vessels to other countries. Your concurrence in the loan is requested.

It would be appreciated if you would treat this as a matter of the highest priority, and, if you concur in the proposed loan, would advise the Department of Defense and the Director, Foreign Operations Administration, concurrently, in order that the Director may take action to obtain the approval of the President for the loan. [1]

Sincerely yours,

C.E. WILSON

[1] A letter from Acting Secretary Smith to Wilson, Dec. 12, informed him of Department of State concurrence. (794A.5/12-753) A memorandum from FOA Director Stassen to Secretary Dulles, Dec. 28, informed him that the President had given his approval. (794A.5/12-2853) An agreement between the United States and the Republic of China concerning the loan of the vessels was effected by an exchange of notes at Taipei on May 14, 1954; for text, see TIAS 2979 or 5 UST 892.

No. 158

Editorial Note

President Eisenhower met with British Prime Minister Churchill and French Prime Minister Joseph Laniel at Bermuda, December 4–8, 1953. Several topics relating to China were discussed, including Sino-Soviet relations, restrictions on trade with the People's Republic of China, and United States policy with regard to Formosa. For documentation on the Bermuda Conference, see volume V, Part 2, pages 1710 ff.; see, in particular, the United States Delegation minutes of the second restricted tripartite meeting of the Heads of Government on December 7, *ibid.*, page 1808.

No. 159

794A.5 MSP/12-853

The Ambassador in the Republic of China (Rankin) to the Department of State

SECRET TAIPEI, December 8, 1953.

No. 343

Ref: Embassy Despatch 192, October 8, 1953, "Interview with President Chiang Kai-shek on United States Review of Chinese

Military Budget"; [1] Embassy Despatch 225, October 21, 1953, "MAAG Dissatisfaction with Chinese Military Budget Procedure". [2]

Subject: Ministry of National Defense Budget Estimate, January–June 1954.

MAAG's review of the Ministry of National Defense budget estimates for the first half of Calendar Year 1954 was completed by the middle of November 1953. The total amount approved is a substantial downward revision from the NT$1,098,000,000 requested by the MND but is still more than NT$45 million above the ceiling figure set by the Executive Yuan (based more or less on last year's expenditures). MAAG believes that the amount in excess of the ceiling is justified by the increased military activity on Formosa, including expenditures required to absorb increased deliveries of MDAP matériel.

Subsequent to MAAG's approval of these reestimates, several additional items totaling under NT$20 million have been approved, first by MAAG and second by Committee C (Budget and Taxation) of the Economic Stabilization Board, *provided* sufficient funds are available through increased revenues.

Officers of the MAAG are justifiably proud of their achievement in persuading the Ministry of National Defense to present a properly documented budget estimate, which is a unique procedure in the Chinese military establishment. According to a MAAG finance officer, Chinese officers are "gazing in awe" at the yellow-bound volume, three inches thick, which is the product of joint MAAG-MND efforts. Details of the estimate are contained in the following enclosures to this despatch. [3]

Enclosure 1: Letter from General Chase to General Chou Chih-jou, Chief of the General Staff, MND, in which the total estimate is broken down by appropriations.

Enclosure 2: Letter from General Chase to the Department of the Army, Washington, explaining the importance of MAAG's participation in the preparation and review of the budget and the necessity for an increase over comparable 1953 figures. He mentions the possible necessity for further consideration of direct US aid to the Chinese Government's budget.

Enclosure 3: Letter from General Chase to President Chiang Kai-shek in which he reviews the whole problem of budget procedure within the Ministry of National Defense. Singled out for criticism are the system of allowances within the armed forces and the falla-

[1] Despatch 192 reported in detail the interview summarized in telegram 215 from Taipei, Document 142. (794A.5 MSP/10–853)

[2] Despatch 225 enclosed a letter from General Chase to Rankin expressing dissatisfaction with budget procedure within the Chinese armed forces. (794A.5 MSP/10–2153)

[3] None of the enclosures is printed.

cy of basing vital programs on supplemental appropriations. General Chase points out that the "most important single weakness" observed by the MAAG is the lack of authority given to the MND's Bureau of the Budget. Adequate civil review is also recommended.

Enclosure 4: (One copy) is the Budget Estimate itself, with comments by MAAG officers on specific appropriations. *

For the Ambassador:
HOWARD P. JONES
Counselor of Embassy

* This is the only copy of the estimate which can be sent to Washington. It should be made readily available to interested Pentagon officials. [Footnote in the source text.]

No. 160

293.1111/12-1453: Telegram

The Chargé in the United Kingdom (Butterworth) to the Department of State

CONFIDENTIAL LONDON, December 14, 1953—6 p.m.

2602. ReDeptel 2790, November 24. [1] Foreign Office comments as follows on desirability make further ref at UN re American civilians under detention Communist China:

1. Ref in UN not likely in present circumstances benefit detainees. Fear most probably result publicity this sort would be drive ChiComs to make public rebuttal infolding statement of "guilt" of detainees. Once ChiComs take public stand, they might find it more difficult withdraw and net result would be detrimental to individuals concerned.

Fact is, Americans who have suffered various period imprisonment and house arrest are gradually coming out. Records show nine of these out since April from total of about 40. No evidence this trickle of expulsions has dried up and it would be grave matter jeopardize possible release of remainder by wide publicity. If expulsions cease, whole matter would then need reconsideration.

3. Case of pseudonyms (Deptel 2965 December 4): [2] In cases where all information from confidential sources, very doubtful this

[1] Telegram 2790 to London, Nov. 24, stated that the Department was considering raising the subject of the U.S. civilians under detention in China at the United Nations and invited the opinion of the British Foreign Office on the advisability of such action. (293.1111/11-2453)

[2] Telegram 2965 to London, Dec. 4, gave further details concerning the proposed approach at the United Nations; it stated that the Department intended to refer to detained persons by pseudonyms, if necessary, to protect confidential sources of information. (293.1111/11-2553)

tactic would afford proper protection either to prisoners or to their friends in China. View comparatively small number detained, feel ChiCom authorities would have little difficulty piercing pseudonym. From viewpoint of British official organizations on Communist China, Foreign Office averse use of pseudonyms where ChiCom authorities would have good reason suppose information given in publicity reached US via British official organs in China. Foregoing covers all Americans now detained either Peiping or Shanghai; Foreign Office hopes Department will consult UK before authorizing public reference to these cases. . . .

4. Foreign Office hopes that if Department proceeds with proposal, Foreign Office will have "fair warning" to enable consultation with Trevelyan, British Chargé Peiping, who would then be requested for his views on timing and asking whether action would harm any proposed approach in Peiping.

Foreign Office has not raised problem with Trevelyan at this time as recent letter from him contains comments on publicity problem which have been incorporated in above.

BUTTERWORTH

No. 161

790B.5/12-1953: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

SECRET TAIPEI, December 19, 1953—2 p.m.

358. Re Department's 501. [1] Foreign Minister yesterday handed me draft Chinese-American security pact [2] with following comments:

1. Text is based on ANZUS, Philippine and Korean pacts.
2. Chinese would like include reference to Communism as in preamble but probably would not insist.
3. Article on military bases in Korean pact is omitted, not because Chinese would object in any way but prefer proposal should come from US.

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[1] This telegram replied to telegram 311 from Taipei, Nov. 30, which reported that the Chinese Foreign Ministry had prepared a draft Sino-American security pact and asked if the Department wished Rankin to obtain a copy discreetly. (795B.5/11-3053) Telegram 501 to Taipei, Dec. 4, replied that the Department was interested in receiving the draft if the Chinese should voluntarily offer it. (795B.5/11-3053)

[2] The text of the Chinese draft was sent to the Department in telegram 359 of Dec. 19. The key article provided that each party would regard an attack in the Pacific area on either party "in territories which are now or may hereafter be under its control" as an attack on both parties. (790B.5/12-1953)

4. Chinese Government would welcome US comments on draft which transmitted in immediately following telegram.

RANKIN

No. 162

033.1100 NI/12-1953: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

CONFIDENTIAL TAIPEI, December 19, 1953—4 p.m.

360. Foreign Minister yesterday handed me personal letter dated December 18, 1953 to be forwarded to Vice President Nixon in response to one received. [1] Original going by pouch but text follows:

"My dear Mr. Vice President:

"It was very kind of you to take time out to write to me in Rangoon before you took off for Ceylon.

"Regarding the conversation we had in Taipei and to which you referred in your letter, I would like to recapitulate briefly what I had said on the advisability of concluding a mutual security pact between our two countries. Such a pact, if it could be brought about, would not only serve to place our relations on a permanent basis, but would also dispel what apprehension that may arise from time to time that the United States would abandon Free China and recognize the Chinese Communists.

"The views which I stated orally to you are as follows:

"(1) The white paper [2] made public by Mr. Acheson was intended to justify the abandonment of China. Although the Truman-Acheson China policy has now been repudiated, and although the Republican administration has been giving its support to the Government of the Republic of China with the view to making Formosa a rallying point for all the free Chinese, there still exists nothing of a concrete character that would put our relations on a more permanent basis in the light of the continued Communist threat to Asia as a whole and to East Asia in particular.

"(2) Since the signing of the US-Korean pact, the feeling has been gaining ground that if the United States could afford to conclude a pact with Korea, she could equally well, if not better, afford to conclude one with Free China along similar lines.

"(3) As you know, the MAAG and the FOA have been operating in Formosa for three years. There are a number of techni-

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[1] No copy of the Vice President's letter has been found in Department of State files.

[2] *United States Relations With China* (Washington, Government Printing Office, 1949).

cal agreements between these agencies and the Chinese Government. Furthermore, the Seventh Fleet, we understand, is still under orders to block any invasion attempt directed against Formosa and the Pescadores. You will perhaps agree that your present commitments actually add up to as much as, if not more than, what would be encompassed by a pact based on general principles.

"(4) If a pact could be concluded in the immediate future, it would dispel once and for all any further anxiety on the part of the people in Formosa as well as the 12–13 million free Chinese scattered all over the world that the United States may yet be pressured into recognizing the Chinese Communists by some of her allies.

"(5) To the many more millions of Chinese behind their iron curtain, the conclusion of such a pact would considerably strengthen their faith in the cause of freedom and in the anti-Communist policy of the United States.

"(6) Knowing as little of your internal politics as I do, I am in no position to say whether or not a pact with Free China would have the support of your legislators, but I am inclined to believe that those among your legislators who have consistently favored giving support to my government will not oppose it.

"As your Ambassador, Mr. Rankin, was present during our conversation, I have taken the liberty to inform him that I would write to you to recapitulate my views on this particular question.

"I need hardly say that your visit here was a great success. You have inspired confidence and bolstered up morale among our people and particularly the armed forces. Your personal charm and your democratic ways have won the hearts of many in high places and low, while Mrs. Nixon, if I may say so, has endeared herself to all who had the opportunity to meet her.

"With best wishes of the season to you and Mrs. Nixon, yours sincerely signed G.K.C. Yeh."

RANKIN

No. 163

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 177th Meeting of the National Security Council, Washington, December 23, 1953 [1]

[Extracts]

TOP SECRET EYES ONLY

Present at this meeting were the President of the United States, presiding; the Vice President of the United States; the Secretary of

[1] Drafted by Gleason on Dec. 24.

State; the Secretary of Defense; the Director, Foreign Operations Administration; the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission; the Deputy Secretary of Defense; the Executive Officer, Operations Coordinating Board (for Items 7 and 8); the Secretaries of the Army, the Navy, and the Air Force (for Items 7 and 8); the Deputy Chief of Staff, U.S. Army; the Chief of Naval Operations; the Chief of Staff, U.S. Air Force; the Commandant, U.S. Marine Corps (all for Items 7 and 8). Also present for Items 7 and 8 were the following members of the NSC Planning Board: Robert R. Bowie, State; Frank C. Nash, Defense; Gen. Porter, FOA; W.Y. Elliott, ODM; Elbert P. Tuttle, Treasury; Col. Hugh Cort, JCS; Robert Amory, Jr., CIA; George A. Morgan, OCB, and Paul L. Morrison, Budget. Philip H. Watts, Department of State; Brig. Gen. Paul W. Caraway, Department of Defense; and Christian Herter, Jr., of the Vice President's Office, were also attending the meeting for Items 7 and 8. Also present were the Director of Central Intelligence; Robert Cutler, Special Assistant to the President; C.D. Jackson, Special Assistant to the President; Arthur Minnich, Assistant White House Staff Secretary; the Executive Secretary, NSC; the Deputy Executive Secretary, NSC; and Ina Holtzscheiter, NSC Staff (for Items 7 and 8).

There follows a summary of the discussion and the main points taken.

. . . . . .

8. Report by the Vice President

The following is a transcript of the Vice President's report on his observations and conclusions relating to the national security, resulting from his recent world trip:

This report will be one of general impressions, and not conclusions of an expert. I'm probably the first person back from the Far East, who has spent more than four weeks there, who isn't writing a book. What I have to say here will be more in the nature of impressions, rather than conclusions reached without a chance of changing.

During this trip it was necessary to make public statements with regard to situations in certain areas, and American personnel. All these statements were optimistic. The reason for this was that it happened that these were people that we had our money on. It was essential, from a public standpoint, to back them to the hilt. Today's statement will not be so optimistic. Much of it will be elementary, and old material. I want to relate the impressions gathered in my conversations with the leaders of the several countries—not for their opinions, but to indicate what kind of people

they are. The best way to handle this, I think, is to run through the countries fast, and then perhaps make some general observations.

[Here follows the Vice President's observations concerning several of the countries he had visited.]

So far as China is concerned, when we went to Formosa I was surprised at the excellent use of U.S. funds, economically and militarily. Apparently the Chinese in Formosa are attempting to convince everyone that they have changed. They are no longer corrupt. They are going to make sacrifices which will result in support for getting back to the mainland. This is the only place where U.S.-supported governments are really living on an austerity basis. As for the troops, Admiral Carney can give you a real report, but from my own observation I would say that morale is tops, much better than I had any idea. They are being sustained at the present time by the hope of a return to the mainland in a military action.

In Hongkong the significant thing is that there has been a great and dramatic shift away from support of the Communist regime, among the overseas Chinese—in Formosa, Indonesia, etc., where there are about 22 million. In Hongkong our reception was most enthusiastic. The Chinese were tremendously friendly. This was the best run city we visited, by far the cleanest. Generally speaking, the people there are better off than in any city in China. I asked why it wasn't possible to let the people vote, and was told that they would vote against the government, ten to one. The British are doing everything, but the people don't like them; some of the people hate the British. They are going back to the fundamental urges. They realize the necessity of dealing with the economic problems, but more fundamental is the urge to freedom. We must realize, on our side, that there has been a real shift away from the Communist regime. There are several reasons for this. First, reports received from relatives in China; secondly, cruelty of the Chinese Communists; and thirdly, the general point, emphasized over and over, that on the mainland the Chinese Communists were gaining in the cities but that in the country, among the peasants, they had lost during the last two or three years.

There is a point on the debit side. Chinese prestige from the Korean incident has received a good boost throughout Asia, and this has had a counter-balancing effect to other items.

The question now is, what should we do? I understand that a new Chinese paper [2] has been adopted since I left, and its conclusions may be the basis for the following suggestions, which indicate the thinking of the people throughout the area as to what we

[2] NSC 166/1, Document 149.

should do. First, there is a considerable minority which believes that it is essential that the United States and other nations plan now for a program which would militarily overthrow the Chinese Communist government. The Formosans believe this, and others have reluctantly reached this conclusion. The United States has rejected it. At the other extreme, the view of Grantham, which represents the thinking of the British career diplomat, is that it might be possible for the Chinese in the near future to do a Tito, but since the war there seems very little possibility of this. I found no considered opinion among the leaders, except from Nehru, that there was a possibility of a Tito development in China in the near future.

Grantham argues that Communist China is here to stay. The fact that it *is* here to stay means that we gradually must accept China into the family of nations. You have to do some things. China must be admitted to the UN, and trade on a gradual basis must be built up, assuming a settlement in Korea. What's going to be the result? Formosa must go back to China; it belongs to China. What about Indochina? Indochina must come under Chinese influence. The importance of the overseas Chinese—the 22 million who live in other places—cannot be overemphasized. They are very smart, very able, and they have a tremendous impact on the economy and thinking of the country. In Indonesia it's the same thing. What about Japan? We have to realize that the Japanese must come into the Communist sphere. It must be recognized that all these things are the eventual result of such a policy. What about Malaya? This country will also have to come under China. What happens in the end? In the end, Grantham concludes, China would be a great world power, and its relationship would be cold and correct with us, probably just as it would be with the Soviet Union.

We could follow a policy of containment and economic blockade, basing the policy on the hope of overthrowing the government from within instead of from without. In my opinion, this has very little chance.

There is one factor to be emphasized in China: Though the Communists are having great difficulty at the present time in winning the older people—who have hundreds and thousands of years of tradition and culture behind them—they are taking over among the young people very effectively, outside and within. The possibilities for overthrow of the government, in view of that development, are not as great as we would like to think. And there is another point: If we are thinking of continuing a program of economic blockade after a Korean settlement, can we afford it? Can we resist the pressures of our allies and of the neutral nations? The other alternative is to continue the policy of containment and isolation,

but to allow trade. Such a policy has to be considered. We must recognize that trade is inevitable. Trade is a good cover, and we can trade with China without recognizing her. The general opinion of the thinkers was that to recognize China, not to oppose the recognition of China in the UN, would be to give China respectability. There would then be no place where the 22 millions of overseas Chinese could go except to the Communist side. They have a love of country, and they want to belong some place.

What do we do about Formosa? This is difficult. We must tell them that they can't go back to the mainland. It is important to retain Formosa as the receptacle of overseas Chinese culture and as a symbol.

[Here follow further observations by the Vice President concerning other countries he had visited. In conclusion, the National Security Council noted the Vice President's oral report; no discussion of the report is recorded.]

S. EVERETT GLEASON

No. 164

795.00/1-1354: Telegram

The Secretary of State to the Embassy in the Republic of China [1]

TOP SECRET WASHINGTON, January 13, 1954—7:43 p.m.

650. Eyes only for Rankin. Personal from the Secretary to the Generalissimo. Reference Department's 1077. [2] Assistant Secretary Robertson has told me of his conversation with you [3] with reference to message from me delivered by Ambassador Rankin on June 26 last concerning President Rhee. As Robertson has explained, the tenor of my message was entirely misunderstood by you. At this critical time I thought you were entitled to know our position because it had an inevitable bearing on your own. I hoped that Presi-

[1] Drafted by Robertson.

[2] Document 114.

[3] Robertson visited Taipei Dec. 26–28, 1953, during a brief trip to the Far East, in the course of which he also visited Seoul and Manila. No record of his conversations in Taipei has been found in Department of State files. In a letter of Jan. 18 to Robertson, Rankin wrote that, during Robertson's visit, "President Chiang revived the matter and indicated that he still felt injured that the United States Government should have assumed him to be guilty of encouraging President Rhee in his intransigence. The threat which Chiang considered to have been implied in the Department's telegram of June 24 also continued to rankle. So far from having backed Rhee in his opposition to the United States, Chiang told you that he had sent a personal message to Rhee, prior to the receipt of the Department's communication of June 24 (telegram No. 1077) urging his cooperation with the United States." (795.00/1-1854)

dent Rhee's well-known admirers and supporters could help him to see importance of cooperating with the United Nations Command in the armistice negotiations. In response to communication similar to that to you, messages to this end were sent to President Rhee by Senators Knowland and Smith, [4] Congressman Judd, former Ambassador Bullitt [5] and General Van Fleet [6] among others. [7] Robertson has told me of the personal message you had sent to Rhee urging his cooperation with U.S. prior to receipt of my cable. I had not known of this and greatly appreciate what you did. We highly value your friendship and I am personally grateful for the cooperation you have shown in meeting our common problems. [8]

DULLES

[4] Senator H. Alexander Smith (R–New Jersey).

[5] Former Ambassador William C. Bullitt.

[6] Lt. Gen. James A. Van Fleet, retired, Commander of the U.S. Eighth Army in Korea.

[7] Regarding these messages, see the editorial note, vol. xv, Part 2, p. 1292.

[8] Telegram 432 from Taipei, Jan. 22, reported that Chiang thanked Dulles for his message and for clarifying his earlier message regarding the Korean truce and asked that Dulles think nothing more of it. (795.00/1–2254)

No. 165

S/S–NSC files, lot 63 D 351, NSC 146 Series

Memorandum by the Secretary of Defense (Wilson) to the Executive Secretary of the National Security Council (Lay) [1]

TOP SECRET WASHINGTON, January 26, 1954.

Subject: Review of Chinese Nationalist Force Levels

1. Attached is a review of the Chinese Nationalist force levels by the Joint Chiefs of Staff, taking into account the discussion of the Chinese Nationalist forces by the National Security Council at its 169th meeting on November 5, 1953, and the policy set forth in NSC 146/2. [2]

2. The present military aid program planned for Formosa in FY 1954 totals $359.5 million. This amount falls short of the JCS estimate of the requirements to implement NSC 146/2 by approximately $250 million. In addition, it has been necessary to transfer funds amounting to $716 million in the FY 1954 military aid program to meet emergency requirements for Indochina and other reserva-

[1] This memorandum and its attachment were sent to NSC members under cover of a Jan. 26 memorandum from Lay.

[2] Document 150.

tions. In order to meet this amount, some reduction of the Formosan program will be required during FY 1954.

3. The proposed FY 1955 Mutual Military Program contains $1,144.5 million of new obligational authority to meet military matériel and training programs world-wide. From this amount, $350 million are the estimated requirements for Indochina alone. Thus, under the present programming, it appears that funds required to implement NSC 146/2 as estimated by the JCS, cannot be made available before FY 1956.

4. There seem to be two alternatives available to the National Security Council: (1) to seek additional funds for the Formosan program by reducing other military commitments; or (2) to review the anticipated mission of the Nationalist forces as expressed in paragraph 12–a of NSC 146/2.

5. The Department of Defense, in accordance with the views of the Joint Chiefs of Staff, recommends that the National Security Council review NSC 146/2 at the earliest possible moment with a view to setting forth a mission for the Chinese Nationalist forces which can be supported within the level of the military assistance funds available.

C. E. WILSON

[Attachment]

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Wilson)

TOP SECRET WASHINGTON, January 18, 1954.

Subject: Review of Chinese Nationalist Force Levels

1. In response to your memorandum dated November 18, 1953, subject as above, [3] the Joint Chiefs of Staff have reviewed the Chinese Nationalist (CN) force levels. In this review the Joint Chiefs of Staff have taken into account the discussion of CN forces by the National Security Council at the 169th meeting, on November 5, 1953, and the policy set forth in NSC 146/2.

2. The Joint Chiefs of Staff consider that to carry out the missions envisaged for the CN Army by NSC 146/2, the MDAP supported force basis must be raised from approximately 294,500 to approximately 357,000. This increase in the force basis will require additional initial equipment in the amount of $111,000,000 and will increase the annual maintenance cost by $7,400,000. It should be noted that there presently exists a deficiency of $158,000,000 in ini-

[3] Not printed.

tial equipment for the CN Army and that the present annual maintenance cost is $35,000,000.

3. The Joint Chiefs of Staff feel that the CN Navy should be augmented to improve its capability to participate in the defense of Formosa, the Pescadores and off-shore islands and to increase its amphibious lift capability to a point commensurate with the ability of the ground forces to use this lift. Augmentation is also required to improve the effectiveness of coastal patrol and anti-shipping operations. Further, the CN Marine Corps should be expanded from 2 to 3 brigades. Unless the situation in the Far East deteriorates this augmentation, which will cost $10,000,000 for initial equipment for the CN Marine Corps and raise the annual maintenance cost from $28,000,000 to $30,000,000, can be stretched out over a period of several years but could be completed by June 30, 1956. However, a current initial equipment deficiency in the amount of $47,000,000 may require that this be accomplished at a slower rate.

4. The Joint Chiefs of Staff consider that the CN Air Force is handicapped in carrying out its assigned missions by the limited capabilities of the piston-type aircraft with which it is, for the most part, equipped. As piston-type aircraft are replaced by more up-to-date models and jet aircraft, and the force level is augmented by an all-weather fighter squadron, the ability of the Air Force to perform these missions will be markedly improved. Failure to provide modern aircraft will seriously limit the Air Force in its ability to accomplish its mission. This program could be completed by June 30, 1957; with $69,000,000 in fiscal year 1955, $232,000,000 in fiscal year 1956 and $42,000,000 annually thereafter.

5. Capitulation of estimated costs (in millions of dollars) of equipping and maintaining:

a. The currently approved force levels are:

	Remaining deficiencies in initial equipment	*Annual recurring cost*
Army	158.0	35.0
Navy	47.0	28.0
Air Force	301.0	42.0
Totals	506.0	105.0

b. The costs of the proposed additional forces are:

	Cost of additional initial equipment	*Additional annual recurring cost*
Army	111.0	7.4
Navy	10.0	2.0
Air Force	—	—
Totals	121.0	9.4

6. The FY 1955 MDA programs submitted by the Military Departments did not provide for all the deficiencies created by the cutback in the FY 1954 MDA program. These FY 1955 programs were further reduced by the Department of Defense. Accordingly, without substantial programming the only practicable source of funds for the recommended forces levels would be a provision for such funds in FY 1955 and subsequent budgets. If funds for the additional forces cannot be made available, the missions for the CN forces envisaged in NSC 146/2 should be re-examined with a view toward revising the missions to be within the capability of a force which can be supported by the funds available.

7. A proposed phasing by fiscal years for the attainment of the CN force levels and the aircraft program is contained in the Appendix [4] hereto.

For the Joint Chiefs of Staff:
ARTHUR RADFORD
Chairman
Joint Chiefs of Staff

[4] Not printed.

No. 166

110.11 DU/1-3054: Telegram

The Secretary of State to the Department of State [1]

TOP SECRET NIACT BERLIN, January 30, 1954—10 a.m.

Dulte 18. Eyes only for the President. Copy for Acting Secretary. Molotov's [2] dinner for me last night was correct and amiable affair. Toasts included his toasting jointly you and Soviet President. I reported your message, and he recalled also meeting you in Washing-

[1] Secretary Dulles was attending the Berlin Conference of the Foreign Ministers of the United Kingdom, France, the Soviet Union, and the United States, Jan. 25–Feb. 18. For documentation on the conference, see volume VII.

[2] Soviet Foreign Minister Vyacheslav Mikhailovich Molotov.

ton with Mountbatten. [3] Private conversation followed dinner devoted intensively for one hour to China situation, [4] Molotov urging recognition Communist China. Said our policy was bankrupt, would never succeed in overthrowing Chinese Communists. They were proud people who demanded rightful place. US policy merely forced China closer to Soviet Union which was not to US advantage. Molotov, with apparent sincerity, said he had greatly hoped his proposal for five-power conference [5] would be an acceptable opening for better relations between US and China. I said US unwilling to enhance moral and political stature of hostile regime. I said we were negotiating in fact with it at Panmunjom. Molotov said this only "low level".

I asked Molotov whether he thought any positive result could come out of Korean Political Conference, and he said not now. Perhaps there could have been positive results earlier, but probably time for that had passed. I said I doubted value of having conference unless it was known in advance that there could be some possibility of positive results. Molotov acquiesced.

During the entire evening, Molotov never mentioned Germany, EDC, Indochina, or other contentious issues. He said he shared my expressed hope we would find some area of agreement here in Berlin to make the conference at least a partial success. However, his words and manner carried no great sense of conviction.

I meet Molotov privately after today's conference to pursue your atomic energy proposal. [6]

DULLES

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[3] Lord Louis Mountbatten.

[4] For a full report of this conversation, see the memorandum of conversation by Livingston T. Merchant, Assistant Secretary of State for European Affairs, scheduled for publication in volume VII.

[5] For documentation concerning Molotov's proposal for a five-power conference, to include the People's Republic of China, see volume VII. The quadripartite communiqué issued at the close of the Berlin Conference on Feb. 18 proposed a conference at Geneva to deal with the problems of Korea and Indochina, to which the People's Republic of China and other interested parties should be invited; it stated that it was understood that neither the invitation to nor the holding of the conference should be deemed to imply diplomatic recognition in any case where it had not already been accorded. For text of communiqué, see Department of State *Bulletin*, Mar. 1, 1954, pp. 317-318. For documentation concerning the Geneva Conference, Apr. 26–July 21, 1954, see volume XVI.

[6] For documentation on Dulles' discussions with Molotov on this subject at the Berlin Conference, see volume VII; for further documentation pertaining to Eisenhower's "Atoms for Peace" proposal, made in an address before the UN General Assembly on Dec. 8, 1953, see vol. II, Part 2, pp. 1285 ff.

No. 167

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 183d Meeting of the National Security Council, Washington, February 4, 1954 [1]

[Extracts]

TOP SECRET EYES ONLY

The following were present at the 183rd Meeting of the Council: The President of the United States, presiding; the Vice President of the United States; the Acting Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Secretary of Commerce (for Item 2); the Acting Director, Bureau of the Budget; the Chairman, Atomic Energy Commission (for Item 2); the Chairman, Joint Chiefs of Staff (for Items 3 and 4); the Director of Central Intelligence; the Assistant to the President; Robert Cutler, Special Assistant to the President; Mr. Max Lehrer, Department of Defense (for Item 3); the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

Following is a summary of the discussion at the meeting and the chief points taken.

. . . . . .

3. United States Objectives and Courses of Action With Respect to Formosa and the Chinese National Government (Memo for NSC from Executive Secretary, same subject, dated January 26, 1954; NSC 146/2)

(Admiral Radford entered the meeting at this point.)

Mr. Cutler commenced to brief the Council on the complicated problem which was involved in paragraph 12–a, [2] which he read in its entirety as a description of the missions originally contemplated for the Chinese Nationalist forces on Formosa. Before he could complete his presentation, the President inquired of Admiral Radford why U.S. logistic and other support was thought to be requisite to defend the island against amphibious assault by the Chinese Communists. It seemed to him, said the President, that a force of the size contemplated in paragraph 12–a ought by itself to be able to resist such an attack.

Admiral Radford replied that of course the Chinese Communists had been preparing an assault on Formosa prior to their interven-

[1] Dated Feb. 5 and prepared by Gleason.

[2] Paragraph 12–a of NSC 146/2, Document 150.

tion in the Korean war, and that this had been prevented by the orders issued to the United States Seventh Fleet. If this fleet had not been interposed, and if the Chinese Communists had been willing to accept the sacrifices involved, Admiral Radford believed that they could have got ashore on Formosa and ultimately have secured the whole island. This was true four years ago and it would still be true today if American forces were not interposed, since the Chinese Communists had such a great logistical advantage over the Chinese Nationalists in the shape of men and junks to transport them.

The President queried whether a few destroyers would not have a "field day" with the thousands of junks transporting the Communist assault force. Admiral Radford admitted that this was right, but that nevertheless if U.S. support were withdrawn, Formosa would fall in time to the Communists despite the presently strengthened position of the Nationalist forces on the island. Furthermore, Admiral Radford indicated that it was extremely difficult to sink junks. Indeed, the United States Navy had been practicing methods of destroying them at Pearl Harbor, and had concluded that they were extremely difficult to dispose of by any method.

The President agreed that this disposed of his argument, and Mr. Cutler resumed his analysis of the problem presented by paragraph 12–a (copy included in the minutes of the meeting).[3] It was the conclusion of the Planning Board, said Mr. Cutler, that there were three possible solutions among which the Council could choose. First, it could reduce the missions and force levels to goals which could be accomplished by Fiscal Year 1956 with reduced funds now estimated to be presently and hereafter available. Second, it could accept the JCS revision of the Formosa program; keep the missions of the Chinese Nationalist forces the same, but stretch out the attainment of the goals over a period beyond Fiscal Year 1956. Third, the Council could accept the JCS revision of the program; keep the missions the same; and either invade other programs for the necessary funds to permit completion by Fiscal Year 1956 or else ask for a supplemental appropriation for the necessary funds to permit completion by Fiscal Year 1956. In sum, said Mr. Cutler, the real issue is one of priority among programs at a time when appropriations and expenditures are being reduced.

After the conclusion of his briefing, Mr. Cutler called on Mr. Max Lehrer, of the Department of Defense, to present to the Council the financial problem involved in paragraph 12–a. This presen-

[3] Not attached to the source text.

tation was made with the assistance of a chart entitled "Formosa Matériel Program". [4]

At the conclusion of Mr. Lehrer's presentation, Secretary Wilson said that he had been able to take only a quick look at the Formosa program earlier in the morning, but that this look was sufficient to indicate that the Council had a very big problem on its hands. At the very least, we were going to be short $150 million on the new program for Formosa. Secretary Wilson had grave doubts as to the wisdom of the program, and believed that a reappraisal should be made. He furthermore raised two additional points. First, the long-range effect on the Formosan economy of the extensive military program which was being envisaged. Secondly, the question whether there was sufficient manpower in Formosa to assure replacements for such a large military force.

Governor Stassen agreed with Secretary Wilson that if we proposed to step up the levels of the military forces on Formosa, and if we were to convert a number of squadrons to jet planes, additional economic aid would be required to offset the serious drain on the economy of Formosa.

Admiral Radford commented that the history of U.S. aid to Formosa was a decidedly confusing one. He indicated that he had been unable to take part in the discussions with the Joint Chiefs of Staff which had led to their proposal to revise upwards the force levels of the armed forces on the island. Though he had signed the JCS report, Admiral Radford went on to say that had he been present at the discussion he would have recommended a reduction rather than an increase in the levels for the Chinese Nationalist Air Force, since in his view ground forces were the most important element for the defense of Formosa. Accordingly, if we had to take reductions these should be at the expense of the air element. This, said Admiral Radford, was in accordance with the general policy of the United States, which was to create and develop indigenous forces capable of defending themselves against aggression.

The President inquired whether the Chinese Nationalists had made any plans to provide replacements after the first five months of a war. Admiral Radford replied that such plans had been made and that the Nationalist Government was also planning on the possibility of raising armed forces to the number of 500,000 in the event of war. Secretary Wilson expressed doubts as to the capability of the Nationalists to do this with a population of only nine million.

After discussion of this issue, chiefly between Admiral Radford and Secretary Wilson, the latter said that he had two further ob-

[4] Not attached to the source text.

servations to make. In the first place, he was sure that if we proposed to equip the Chinese Nationalist forces with our most modern weapons, this would require a build-up of U.S. technicians to teach the Chinese how to use these weapons. Secondly, in his view it was about time that the United States showed some caution with respect to the number of Orientals we proposed to take responsibility for. All this, said Secretary Wilson, added to his conviction that our policy toward Formosa needed a complete new look. After this was made, and we had finally decided just how much money to put into the program, we must not let these funds be sucked out for other purposes, as was currently the case for Indochina, etc., etc.

Governor Stassen interposed to point out that as yet nothing whatsoever had been taken from the Formosa program, and that FOA would certainly take nothing in the future without the concurrence of State and Defense. He admitted, however, that a decision would have to be made as to what would have to be diverted from this program in future years. For the present, however, plenty of money was authorized and plenty of matériel was already in the stockpiles.

Admiral Radford agreed that our stockpiles were overflowing with matériel, much of which could not be delivered because the principal recipient countries were not able to take in more, and accordingly the necessary matériel could be provided to Formosa from the overall stockpile. Actually, continued Admiral Radford, the situation just referred to had reached a point where the Joint Chiefs of Staff felt it essential to undertake a complete review of our whole military assistance program. It was also desirable to review U.S. strategy as to the development and maintenance of a position of strength in the Far East.

The President commented that as it seemed to him, Indochina was our first concern in the Far East and Formosa came next. Admiral Radford reminded the President that Korea was still a problem, and Secretary Wilson warned that the Chinese Nationalist forces on Formosa were not so flexible and available for operations elsewhere as we'd like to think. We couldn't put them into Korea, and it was doubtful whether they could ever be used in Indochina. This was further evidence of the need for a review of the Formosa situation.

Secretary Smith stated that if the Council had now agreed to take a new look at the Formosa policy, he would like to suggest a few points. He said that he was in agreement that the Planning Board was correct in its presentation of the three alternatives open to the Council with respect to the Formosa program. The State Department felt that the military missions set forth in paragraph

12-a were adequate to support our policy and should not be scaled down. Accordingly, the first of the three alternatives was unacceptable. The second alternative—namely, to seek a supplementary appropriation—seemed impractical. The third alternative—stretching out the attainment of the goals—was the best.

Mr. Hughes [5] said that he felt obliged to say that there was plenty of funding money in the Formosa program. The meat of the problem was in the expenditures.

The President suggested that, oddly enough, there was one additional alternative to the three which had been raised by the Planning Board. He noticed that the moment we perceive adverse economic trends in the United States—was the correct word "recession"? Secretary Humphrey assured the President, amid laughter, that the correct word was "transition"—as soon as we do this, in other words we always begin talking about some kind of public works program. Why couldn't we consider a stepped-up program of military production if something were needed to prime the pump? We ought to be thinking about such possibilities every minute, and every agency and department should keep the problem in mind. To that end the President was asking Dr. Burns to confer with department and agency heads as to ways and means by which their programs could be constantly adjusted to meet varying economic trends. In any case, we should keep the possibility in mind that we stretch out our military assistance program if our economy seems to be in good shape, but we should be prepared to consider spending another five or six million dollars on this program around the world if economic conditions in the United States recommended it. The main thing was flexibility.

Secretary Wilson replied that any time the President told the Defense Department to spend more money he could do it for him. Tell us when you want the heat turned on and we'll do it. With regard, however, to the specific recommendation for a review of the Formosa policy and force levels, Secretary Wilson recommended that this review be expanded to include the whole Pacific area. There were many problems in connection with Japan and the Philippines, and we must decide just how much we wish to invest in this area. Over the long haul, said Secretary Wilson, he didn't hold much with our policy toward Formosa.

Secretary Humphrey said that he strongly supported Secretary Wilson's opinion, and as for himself, he simply did not understand the nature of U.S. objectives in the Far East.

The President, after suggesting that Admiral Radford attempt to explain our objectives in the Far East to the Council at subsequent

[5] Rowland R. Hughes, Acting Director, Bureau of the Budget.

meetings, returned to the question of additional defense expenditures as a means of countering adverse economic trends in the United States. As for turning on the heat, he pointed out to Secretary Wilson that these expenditures must be directed or channeled to those areas in the country where unemployment was most serious.

Secretary Wilson, however, argued that this was wasteful and not necessary, since people could be readily prevailed upon to move from depressed areas to the cities where defense materials were being produced. He pointed out that there were actually more colored people in the city of Detroit at the present time than the entire population of the city when Secretary Wilson first moved there. He therefore could not wholly subscribe to the President's view that, rather than add a new assembly line to a going plant, it should be our policy to channel orders and production to areas of heavy unemployment.

Secretary Humphrey said, without reference to the discussion between the President and Secretary Wilson, that he was in basic agreement with the President's idea that stepping up the production of military end items was much to be preferred to some kind of PWA program.

Dr. Flemming noted that we were making decisions every day at the procurement level and that these decisions have a very real impact on employment. Accordingly, it was necessary to look ahead and see how to prevent unemployment in various areas of the country. A sensible instance of this kind of planning was the Navy's decision to have a destroyer built at Quincy, Massachusetts, where unemployment is serious, even though the job could have cost less at yards in other parts of the country.

The President reiterated his desire for an integrated Government program flexible enough to be able and ready to deal with any decision. Each department and agency of the Executive branch must be aware of what other departments and agencies were doing.

The National Security Council: [6]

a. Referred subparagraph 12–a of NSC 146/2 back to the NSC Planning Board for review in the light of reconsideration by the Department of Defense of the Chinese Nationalist force levels and the size and timing of the U.S. military aid program for Formosa.

b. Requested the Department of Defense to review and report to the Council on U.S. strategy for developing a position of military strength in the Far East.

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[6] The lettered subparagraphs constitute NSC Action No. 1029. (S/S–NSC (Miscellaneous) files, lot 65 D 95, "Record of Actions by the National Security Council, 1954")

c. Requested the Department of Defense, in cooperation with the Foreign Operations Administration and the Bureau of the Budget, to study and report to the Council on a flexible program of providing U.S. military assistance to foreign nations in accordance with the availability of end items and relative priority among recipient nations.

d. Noted the President's desire that all executive departments and agencies, including military planning in the Department of Defense, provide sufficient flexibility in their respective programs so that Federal expenditures can be appropriately and promptly directed toward preventing or countering adverse trends in the U.S. economy.

Note: The actions in b and c above subsequently transmitted to the Secretary of Defense for appropriate implementation.

S. EVERETT GLEASON

No. 168

Eisenhower Library, Dulles papers, "Berlin 1954"

The Secretary of State to the President [1]

TOP SECRET

BERLIN, February 16, 1954.

DEAR MR. PRESIDENT: I enclose herewith a memorandum of a conversation [2] which I had with Mr. Molotov alone with the addition only of his interpreter Troyanovski. This talk followed a talk which I had with him on atomic energy procedure at which Merchant, Bohlen and Zarubin [3] were present. At this point they left as indicated in the enclosed memorandum.

The fact of having had this private talk is of itself of considerable importance. I particularly wanted to be sure that Molotov appreciated the seriousness of possible developments in Asia. [4]

I am not at all certain as to the degree of influence which Soviet Russia can exert on this situation. It is entirely possible that the Chinese Communists will continue to run amuck until we recognize them and deal with them directly rather than through the Soviet Union as an intermediary. On the other hand, there can be no as-

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[1] The source text is filed with a letter of the same date from Dulles to Walter Bedell Smith, asking him to transmit this letter and enclosure to the President.

[2] Dulles' memorandum of the conversation which took place on Feb. 13 is scheduled for publication in volume VII.

[3] Georgiy Nikolayevich Zarubin, Soviet Ambassador to the United States.

[4] According to Dulles' memorandum of the conversation, he told Molotov that he feared the Communist Chinese regime was "recklessly seeking to show off its strength and extend its power," that this could "lead by one step after another to a chain of events which would have a result none of us wanted," and that he hoped the Soviet Union would exert some restraint on the Chinese.

surance that if we do recognize them, they will not continue to misbehave.

Our Conference here breaks up on Thursday. [5] I hope to be back by Friday afternoon after stopping off to see Adenauer [6] briefly en route.

I understand that you will be away but that we are having breakfast on Wednesday. I will go into these matters more fully at that time, but I thought it might be useful and of interest to you in the meantime to see the enclosed memorandum, which is of course highly secret. Nothing that happened made it seem useful for me to report the talk to Eden or Bidault.

Sincerely yours,

FOSTER

[5] Feb. 18.

[6] Konrad Adenauer, Chancellor of the Federal Republic of Germany.

No. 169

Rankin files, lot 66 D 84

The Ambassador in the Republic of China (Rankin) to the Deputy Assistant Secretary of State for Far Eastern Affairs (Drumright)

SECRET EYES ONLY
OFFICIAL–INFORMAL

TAIPEI, February 20, 1954.

DEAR DRUM: . . .

The more general considerations involved in the foregoing came up during a brief discussion I had with Sam Parelman [1] just before his departure yesterday. I told him that I had been considering writing to you on this topic, and he urged me to do so.

I submit that we should give careful study to three related problems which have caused us much trouble in the past and promise to cause more in the future:

1. The continuing tendency to overclassify correspondence in general, thereby breeding disrespect among all concerned for "top secret" and "secret" classifications in particular.
2. The corollary need to sort out aspects of a given question which are genuinely sensitive and to treat them as such, without handicapping ourselves in relation to other angles of the same question which are not and should not be treated as sensitive.
3. The even more important problem of other United States Government agencies taking direct action affecting foreign policy for the implied reason that the matter is too "sensitive" for an Embas-

[1] Samuel T. Parelman, Special Assistant for Regional Programs in the Bureau of Far Eastern Affairs.

sy, or perhaps even for a geographic bureau in the Department, to know about it.

As regards the first numbered point above, I recently asked our Security Officer to review incoming telegrams from the Department, over a period of time, in the light of the appropriateness of their respective classifications. Without going into detail, it seems evident that telegrams should not be classified "top secret", or even "secret", when they contain little or nothing beyond what appeared in the press of the day before; "confidential" should be good enough, and there is often good reason for so classifying an item through official channels even though it may have appeared in the press. Another type of evident overclassification is encountered frequently in the form of a "top secret" telegram consisting of material to be transmitted to a foreign government. It seems to me that, with rare exceptions, communications to foreign governments should not be classified higher than "confidential". We lose control of such material upon transmittal, and it only handicaps our own operations to continue super-scrupulous care of our copies.

. . . . . .

Is it possible that in the policy and planning stage these and other matters were too sensitive for us to know about? During my first year in Formosa our information regarding such matters came largely from Chinese sources, supplemented by odd bits of gossip picked up by members of our staff. This condition, I am glad to say, has been measurably improved, and as far as can be, when half a dozen agencies report to and receive instructions directly from Washington through their own channels, the situation at this end is now satisfactory.

I am not satisfied, however, with what appears to be the continued exclusion of the Embassy (and perhaps of FE) from the policy and planning stages of projects which may determine whether we are to have peace or war, whether we are to succeed or to fail in our struggle against Communism in the Far East. I believe that we might have something useful to contribute in such cases in the future, just as I believe we might have been able to help in the preliminary stages of the projects mentioned in the preceding paragraph.

A major question at the present time involves turning over to MAAG the responsibility for the support of most of the guerrillas and all of the regular troops on the "offshore" islands, from Tachen to Kinmen. It seems to me that this matter requires far more attention from the policy angle than it appears to have had to date, and that both FE and the Embassy should be very much in the picture. It was one thing to carry out diversionary raids while fighting was in progress in Korea; it is something else to do so today when

the Korean shooting has stopped, and when the Fukien–Chekiang coast is much more strongly held and the possibility of air forces on both sides becoming engaged increases steadily. I am very much in favor of taking the initiative—call it the offensive, if you like—in every practicable way, but the activities now envisaged under MAAG auspices seem to me somewhat like Uncle Sam tickling the Communist tiger with a feather duster, as I remarked to Admiral Radford not long ago. Have we thought this through? Has the Department taken a firm position after careful study? If so, we in Taipei have been told nothing about it.

The matter just described will, I hope, serve as a current illustration of the general problem which concerns me. In this particular case I should not be surprised to see the Communists use the islands in question to test out our new "retaliation policy". Once MAAG has taken over, we shall have assumed substantially increased responsibilities whether we admit it or not. I assume, however, that the Communists still would be quite safe in taking White Dog Island, for example, as far as any retaliation on our part might be concerned. Having conditioned us to some such step, they could be bolder. Somewhere along the line I should expect the Nationalist Air Force to attack points on the Mainland, with or without the clearance they are supposed to obtain in advance from CINCPAC. And think of the opportunities in this connection for the Communists to promote trouble between ourselves and the Nationalists!

I would not object to assuming the risks just mentioned if they were incidental features of a broad plan for taking the initiative with prospects of genuine accomplishment. But except for the possibility of some sabotage, particularly of enemy radar installations, and incidental interference with coastwise junk traffic, I have no knowledge of what it is hoped to accomplish. If a broad positive plan exists I think that you and I should both know about it, and that we should have been in on the original planning as well. If matters follow the same course as in the numbered instances cited in an earlier paragraph, however, the Department should be prepared to pick up the ball and take the blame if and when another mess has developed.

Kindest regards.

Sincerely yours,

K.L. RANKIN

No. 170

794A.02A/2-2354

The Assistant Secretary of Defense for International Security Affairs (Nash) to the Deputy Assistant Secretary of State for Far Eastern Affairs (Drumright)

SECRET WASHINGTON, February 23, 1954.

DEAR MR. DRUMRIGHT: Reference is made to your letter of 5 January 1954 [1] concerning the assignment of four Army officers as advisers to the Political Department of the Chinese Ministry of National Defense and to the Peace Preservation Corps (PPC).

This office has been informed that the primary functions of the Political Department are concerned with political indoctrination, anti-subversive, morale and special service activities. The primary functions of the Peace Preservation Corps are the detection and trial of criminals and subversives within the civilian populace, as well as providing security for Chiang Kai-shek and important National Government Republic of China installations. These activities, except where they interfere with training, do not appear to be related to the mission of the Advisory Group.

The Department of Defense agrees that measures should be employed to avoid interference on the part of the Political Department with the training objectives established by the Military Assistance Advisory Group. However, neither the military departments nor this office believe that the assignment of political advisory personnel will eliminate this objectionable interference.

In a message, dated 13 February 1954, [2] General Chase stated that Chiang Kai-shek has decided to form a combined Sino-American committee to investigate allegations that the Political Department was increasingly interfering with the authority of the Chinese Army Commanders. General Chase considers this a good idea and has accepted a place on the committee. He has advised further that very frank discussion between the Chief, Army Section and General Chiang Ching-kuo has helped somewhat.

Since the interference appears to occur in connection with execution of orders of General Chiang Ching-kuo, the solution would seem to be in influencing Chiang Kai-shek and Chiang Ching-kuo to initiate corrective measures. The combined committee which is

[1] This letter expressed support for a recommendation by MAAG, Formosa, that four MAAG officers should be assigned as advisers to the Political Department of the Chinese Ministry of National Defense and to the Peace Preservation Corps. (794A.02A/11-1753)

[2] Not printed.

to be formed, in the opinion of this office, may provide a means to this end.

In view of the foregoing, the assignment at this time of advisers to MAAG Formosa for this purpose is considered unwarranted.

Sincerely yours,

For the Assistant Secretary of Defense (ISA):
A.C. DAVIS
Vice Admiral, USN
Director, Office of
Foreign Military Affairs

No. 171

Editorial Note

At a meeting of the National Security Council on February 26, Secretary Dulles reported orally on the Berlin Conference. The following portion of his report, as recorded in the memorandum of discussion at the meeting, deals with the relationship between the People's Republic of China and the Soviet Union:

"One of the most interesting aspects of the meeting was the light thrown on the relationship between Communist China and the Soviet Union. While this relationship was still obscure, it did seem clear that the Soviets do not feel in a position merely to hand out orders to Peiping. They treat the Chinese Communist regime as a partner who has to be consulted and, in certain instances, even restrained by persuasion and by economic pressures. It seems quite possible that the Soviet Union is worried over the possibility of new aggression by the Chinese Communists. The Soviets are anxious to avoid a major war, and they realize that the Chinese Communists are in a position to initiate such a war if they choose to do so. Secretary Dulles said that he had tried to make clear to Molotov that if the Chinese Communists used their military power for aggressive purposes they were bound to clash with the vital interests of the United States, and that he was not in a position to estimate the consequences of such a clash. It had seemed worthwhile to seize this opportunity thus to pressure the Soviets, who in turn might put pressure on the Chinese Communists to behave themselves.

"Secretary Dulles warned that one could not be sure that the above was the correct diagnosis of the relations between the Chinese and the Russians, but from a number of impressions and little signs, this appeared at least to be a likely appraisal." (Memorandum of discussion by Gleason, February 26, 1954; Eisenhower Library, Eisenhower papers, Whitman file)

No. 172

790.5/2-2454: Telegram

The Chargé in the Republic of China (Jones) to the Department of State

CONFIDENTIAL TAIPEI, February 24, 1954—5 p.m.

476. Deptel 665. [1] Foreign Minister raised again today question of security pact inquiring as to Department reaction. I informed him draft was under study in Washington whereupon he urged now as psychological [moment?] for proceeding with such an agreement.

Substantial Chinese opinion regards forthcoming Geneva conference as preliminary step toward admission Red China to UN, he said. Signing of mutual security pact at this time would be strong reassurance that US would not let free China down.

Since US already committed to defense of Formosa, pact would simply represent formal acknowledgment of existing status, would have tremendous effect on morale here.

Foreign Minister further alluded to ANZUS, Philippines and Korean pacts and pointed out difficult for Chinese to understand omission of their country where so much military aid already invested.

JONES

[1] Telegram 665 to Taipei, Jan. 19, instructed the Embassy to inform Foreign Minister Yeh that the draft security pact which he gave to Rankin in December 1953 (see telegram 358, Document 161) was under preliminary study in the Department. (790B.5/12-1953)

No. 173

793.5/2-2554

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State [1]

TOP SECRET [WASHINGTON,] February 25, 1954.

Subject: Bilateral Security Pact with China

Discussion

The Government of the Republic of China has proposed the conclusion of a Chinese-United States security pact, and has submitted

[1] Sent through Deputy Under Secretary Robert D. Murphy and initialed by him. A handwritten notation on the source text reads "not seen by the Secretary"; but see the memorandum *infra*.

a draft [2] for our consideration. The Chinese draft is substantially similar to the ANZUS, Philippine and Korean pacts. FE favors the Chinese proposal in principle. Such a pact, however, should contain safeguards against involuntary extension of current United States commitments as to the defense of Formosa and the Pescadores.

Conclusion of a security pact with China might be expected to serve the following purposes: (1) improve morale of the Chinese armed forces and officials on Formosa; (2) accord the Chinese Government a similar status in our system of alliances in the Pacific to Japan, Korea, Philippines and the ANZUS countries; (3) offset Chinese misgivings as to the Geneva Conference; (4) make clear to our allies and to the Communists our determination to stand back of the Chinese Government on Formosa; (5) promote the policy objectives set forth in NSC 146/2.

Recommendations

1. That FE be authorized, in consultation with Defense, to prepare a draft treaty containing appropriate safeguards which may serve as a basis for negotiations with the Chinese.

2. That the National Security Council be requested to make a decision as to the advisability of concluding a security pact with China at the present time.

3. That the foregoing recommendations be implemented promptly so that negotiations with the Chinese Government may commence prior to the convening of the Geneva conference.

[2] See footnote 2, Document 161.

No. 174

FE files, lot 55 D 480, "Nationalist China File"

Memorandum for the File by the Director of the Office of Chinese Affairs (McConaughy)

SECRET WASHINGTON, February 27, 1954.

Subject: Remarks of the Secretary Regarding Proposed U.S.-Chinese Security Pact.

In the course of a meeting in the Secretary's Office on Saturday, February 27, the Secretary referred to the FE memorandum [1] on the proposed U.S.-Chinese Security Pact. This came at the end of an extended discussion of strategy (especially as to composition of the Indochina part) for the Geneva Conference. Among those

[1] Presumably the memorandum *supra*.

present were Deputy Under Secretary Murphy, Counselor MacArthur, Asst. Secretaries, Robertson and Key, Mr. Elbrick and Mr. Jones [2] of EUR, Messrs. Wainhouse and Poppers [3] of UNA, and Messrs. Bonsal,[4] McClurkin [5] and the undersigned of FE.

As to the Security Pact, the Secretary said that he had read the FE memorandum and had discussed it with General Smith. He was impressed by the arguments for such a security pact. At the same time he recognized that it might be contended by some that the timing would be unfortunate if such a pact were concluded right now. He anticipated that any announcement before the Geneva Conference as to a security pact with Formosa would not be palatable to the Governments or the public of Great Britain and France. It might be construed as provocative and calculated to prejudice the chances for any agreement at Geneva.

Still it could not be denied that there was much to be said for negotiating such a treaty now. It might be advisable to let all the world (including the French and the British) know before the Conference opened that the status of Formosa was not negotiable.

The Secretary said that in his view any concession to the Chinese Communists as to Formosa would be unthinkable because it would constitute a betrayal of several millions of our Chinese friends on Formosa who are strongly anti-Communist; and because it would deprive us of an indispensable link in our chain of strong positions off the Mainland of Asia extending from the Aleutians to the Philippines. He said he was firmly convinced that we could not hold our off-shore chain without Formosa.

The Secretary said that Admiral Radford had already told him that he was strongly in favor of the Security Pact. Admiral Radford had not made it clear whether he was speaking only for himself or for the JCS.

The Secretary said he anticipated that a Formosa Security Pact might be harder to sell to the Senate than was the Korean Treaty.

He thought that the study of the issue would have to be very carefully prepared. He said that complex and important issues were involved and he was not ready to make a decision now. He wanted to postpone the resolution of the matter until he could consider it further. He would expect to decide the matter when he returned from the Conference at Caracas. [6]

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[2] John W. Jones, Director of the Office of Western European Affairs.

[3] David W. Wainhouse and David H. Popper, Director and Deputy Director, respectively, of the Office of United Nations Political and Security Affairs.

[4] Philip W. Bonsal, Director of the Office of Philippine and Southeast Asian Affairs.

[5] Robert J.G. McClurkin, Deputy Director of the Office of Northeast Asian Affairs.

[6] The Tenth Inter-American Conference, held at Caracas, Mar. 1–28, 1954; for documentation on this conference, see vol. IV, pp. 264 ff.

In response to a question, the Secretary said that he authorized us to start the project through the NSC Planning Board now [7]—"if we could be sure there would be no leak to the Alsops [8] the next day". He cautioned us not to take a final Departmental position yet.

Mr. Robertson said that in his view timing was the critical factor. He would disagree strongly with any who might say the negotiation of such a treaty now would be unfortunate. On the contrary, it is highly important to announce the negotiation of such a security pact before we go to Geneva. Morale has been lowered throughout non-Communist Asia as a result of the decision to negotiate with the Chinese Communists at Geneva. There is a natural fear that the West may come to some sort of an accommodation with the Communists which would undermine the position of non-Communist Asia. The psychological value of the reassurance which would be conveyed by the announcement of such a treaty would be inestimable.

WALTER P. MCCONAUGHY

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[7] A memorandum of Mar. 15 from Robertson to Merchant and other heads of interested bureaus stated that the Secretary had requested that the question of a treaty should be given immediate consideration within the Department with a view to its early presentation to the Planning Board, but that no Department position would be taken until his return from Caracas. (793.5/3-1554)

[8] Journalists Stewart and Joseph Alsop.

No. 175

S/S–NSC files, lot 63 D 351, NSC 152 Series

Report to the National Security Council Prepared by the NSC Planning Board [1]

SECRET [WASHINGTON, March 3, 1954.]

UNITED STATES AND FREE WORLD CONTROLS OVER TRANSACTIONS WITH COMMUNIST CHINA

THE PROBLEM

1. The problem is to review current policy in NSC 152/3 [2] with respect to U.S. controls on transactions with Communist China, * in the light of the discussion in the Council in conjunction with the adoption of NSC 166/1.[3] More specifically, in this context the problem is:

To what extent and with what degree of intensity should the United States apply, and seek to have other countries apply, controls on trade with Communist China in the absence of further Chinese Communist aggression and during the period prior to achieving settlements satisfactory to the United States in the areas around Communist China.

ISSUES

2. The principal issues in consideration of this problem are:

a. Should the United States depart from its current embargo on transactions with Communist China and, if so, what should be the timing and degree of such modifications?

b. Should the United States agree to relaxations from the levels of controls on trade with Communist China presently maintained by other free world countries:

(1) under bilateral agreement with the United States,

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[1] A covering memorandum of Mar. 3 from Lay to the NSC stated that the report was prepared pursuant to NSC Action No. 952–b (see footnote 12, Document 147) by the NSC Planning Board, including representatives of the Department of Commerce, on the basis of a draft prepared by representatives of the Economic Defense Advisory Committee and the Advisory Committee on Export Policy. An NSC staff study on the subject and three annexes were also enclosed. The first two annexes are cited below; the third consisted of a progress report, dated Feb. 9, by the two committees mentioned above on their revision of the U.S. list of strategic items.

[2] Dated Nov. 6, 1953; see footnote 10, Document 147, and the editorial note on NSC 152/2, Document 131.

* Unless otherwise indicated, the phrase Communist China refers to Communist China and North Korea. [Footnote in the source text.]

[3] Document 149. For the Council's discussion of NSC 166/1, see Document 147.

(2) under multilateral agreement in the "Paris Group", † or
(3) under multilateral arrangements pursuant to United Nations Resolution,[4]

and, if so, what should be the timing and degree of such relaxations?

ELEMENTS OF THE PROBLEM

3. The period of time to which the problem statement is addressed is an indeterminate one. It is likely to be long. A "satisfactory settlement" of our issues with Communist China probably will require a political conference. Considering the difficulties and delays which may be anticipated in convening a political conference, and thereafter the problems and delays which may beset such a conference, it must be considered probable that many months—and perhaps years—will pass before the truce in Korea is technically converted into a peace and before a settlement satisfactory to the United States can be achieved relating to Korea alone. At the same time, it must be recognized that this interim period could be quite short. The Chinese Communists hold it within their power to make possible at any time the achievement of satisfactory settlements within a matter of weeks.

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† See paragraph 4 of the attached staff study. [Footnote in the source text. The staff study is not printed; the paragraph under reference describes the controls on exports to Communist China applied by the members of the Consultative Group.]

[4] UN Resolution 500(V) of May 18, 1951.

GENERAL CONSIDERATIONS

Proposed by State, Defense and FOA

4. In terms of *direct* economic impact, there are no compelling arguments either for or against a substantive relaxation of U.S. export, import and financial controls. However, these controls are essential at this time for their international political impact, which helps maintain *indirectly* the degree of free world economic pressure represented by CHINCOM and UN controls.

Proposed by Commerce

4. On balance—though recognizing the problem of public and Congressional reaction, and the fact that some risk is involved in terms of the psychological reaction by Communist China and other Asians—the soundest course of action would be the lifting of the embargo to the limited extent involved in placing U.S. controls at the internationally agreed CHINCOM level. This limited change in U.S. controls would be consistent with the objective of avoiding a U.S. contribution to Chinese Communist industrialization. It would at the same time remove a presently unnecessary discrimination against American business and support the thesis that government controls are being applied only where a vital and constructive purpose is served by them. Such a limited relaxation rather than adversely affecting the course of negotiations when negotiations are desirable might, on the contrary, be used effectively as a concrete demonstration of American good faith and thereby set a better framework for negotiation.

5. Relaxation of U.S. controls to the CHINCOM level would fail to serve the two primary policy objectives toward which our economic defense program in relation to Communist China should now be aimed.

a. Such relaxation of U.S. controls would not produce, but rather would diminish, the pressures needed to achieve our immediate negotiating goals, and would make such negotiations more, rather than less, difficult.

b. Because CHINCOM controls cover, in the main, the materials and capital goods needed for large scale industrial development, it might seem on superficial examination that relaxation of U.S. controls to the CHINCOM level would be consistent with the objective of hampering the industrialization of Communist China. This consistency is not real, however. We must now anticipate that other free world countries will be exerting pressures toward further reduction in existing controls. In such a climate U.S. relaxation to the CHINCOM level would inevitably stimulate a deterioration in the CHINCOM and UN control levels below the level necessary to impede Communist China's industrial development, and possibly below that essential to inhibit the growth of more direct war potential.

5. It is argued that a modification of the U.S. embargo will cause a deterioration of controls of free world nations. There is ample evidence to suggest that regardless of U.S. policy there will be a major drive by other free world nations for increased and more extensive trade with China, as well as with other Communist countries. U.S. action to place its controls at the internationally agreed level may provide a better atmosphere for carrying the U.S. point of view. It would point up the flexibility of U.S. policy and the willingness to act on a concerted multilateral basis; it would be conducive to furthering the unity of the free world. As such it would implement the general line of our economic defense policy established by NSC 152/3. If, on the other hand, we are unable or elect not to stop the anticipated drive of other nations for more trade with Communist China, the continued imposition of maximum controls on American business becomes increasingly irrational.

Therefore, substantive relaxation of U.S. controls, prior to a satisfactory settlement in the areas around Communist China, is inappropriate under the circumstances now prevailing.

RECOMMENDATIONS

6. The "General Objectives" set forth in NSC 152/3 should be amended by deleting paragraph 20 [5] thereof and substituting a new paragraph 20 as follows:

"20. With respect to Communist China, in the absence of further Chinese Communist aggression or a basic change in the situation, to seek, by means short of war, to reduce the relative power position of Communist China in Asia:

a. Primarily by developing the political, economic and military strength of non-Communist Asian countries.

b. At the same time by weakening or at least retarding the growth of Chinese Communist power in China, particularly by imposing, through economic restrictions, difficulties and delays upon Chinese Communist efforts to achieve rapid or large scale industrialization.

c. By impairing Sino-Soviet relations.

d. By attempting to convince the other members of the free world of the soundness of U.S. policies toward Communist China and of the advisability of their adopting similar policies, without, however, imposing such pressures as would be seriously divisive."

7. The "Courses of Action" set forth in 152/3 should be amended by adding, at page 7, a new paragraph as follows:

Toward Communist China and North Korea

"39. In the absence of further Chinese Communist aggression and during the period prior to achieving settlements satisfactory to the United States in the areas around Communist China, the United States should:

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[5] Paragraph 20 of NSC 152/3 is identical to paragraph 19 of NSC 152/2; see Document 131.

Proposed by State, Defense and FOA

a. Continue to embargo exports and imports and maintain present financial controls. Exceptional treatment may be accorded certain exports (e.g., propaganda, humanitarian, diplomatic) or imports (e.g., strategic materials) on a case-by-case basis after necessary interagency coordination.

b. With respect to the controls of other free world countries over trade with Communist China:

(1) Release Japan gradually, as appropriate, from its obligations under the U.S.-Japanese bilateral agreement ‡ to maintain export controls higher than the CHINCOM levels.

(2) Seek to have other nations continue existing export controls at the CHINCOM levels.

(3) Employ all feasible means to maintain the UN General Assembly Resolution § of May 18, 1951.

Proposed by Commerce

a. Reduce U.S. export controls to the CHINCOM levels (International List I, II, and III, plus the China Special List covering additional machine tools, iron and steel products and power equipment.)

b. With respect to the controls of other free world countries over trade with Communist China:

(1) Permit Japan forthwith to relax its export controls from the levels of the U.S.-Japanese bilateral agreement ‡ to the CHINCOM levels.

(2) Resist any reduction in export controls below the CHINCOM levels, except for minor changes which are specifically justified.

c. Modify foreign assets controls to permit imports into the U.S. of Chinese-origin goods.

d. Determine what other changes are desirable in foreign assets controls which now block Chinese Communist assets in the U.S.

e. Modify shipping-bunkering and transaction controls in accordance with the foregoing courses of action.

‡See text in Annex A. [Footnote in the source text. Annex A, not printed, consists of a copy of an "Understanding Between Japan and the United States Concerning the Control of Exports to Communist China," initialed at Washington on Sept. 5, 1952; see footnote 2, Document 586.]

§ See text in Annex B. [Footnote in the source text. Annex B is not printed.]

No. 176

611.9324/3-554

The Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Assistant Secretary of Defense for International Security Affairs (Nash)

CONFIDENTIAL WASHINGTON, March 5, 1954.

MY DEAR MR. NASH: On December 18, 1953, the British Government offered to make on behalf of the Unified Command an approach to the Chinese Communists at Peiping to seek the return of United Nations Command personnel who may still be in Communist custody. As a result of informal discussions concerning this approach between officers of our two Departments, I wish to review the facts of the matter and to set forth the position of the Department of State.

The Korean Armistice Agreement provides for the return within sixty days from the effective date of the Armistice of all prisoners of war who desire repatriation. However, on September 12, 1953, Communist correspondent Burchett indicated that the Chinese Communists continue to retain in a non-prisoner of war status certain United States Air Force personnel, alleged to have overflown Chinese territory, and stated that their return must be sought through diplomatic negotiations. Subsequent Peiping radio broadcasts have given similar indications. Information furnished to the Department of State by the Department of Defense indicates that there are approximately eighteen United States Air Force personnel known to be in this category.

In the period September to November 1953, the United Nations Command made repeated efforts in the Military Armistice Commission to secure from the Communists an accounting of United Nations Command personnel who may at one time or another have been in Communist custody. These efforts were unsuccessful. In the latter part of November, Ambassador Dean who was then negotiating with the Communists at Panmunjom was authorized to discuss the subject of Americans held in Chinese custody if a suitable opportunity presented itself. Unfortunately, the opportunity for such discussions did not arise. In January 1954 the United Nations Command renewed its efforts in the Military Armistice Commission to seek an accounting for missing United Nations Command personnel, again without success.

The Department of State believes that diplomatic efforts should now be undertaken to attempt to achieve the return of United Nations Command personnel who may be in Chinese Communist cus-

tody. The proposed British approach offers at least a small possibility of success because it would not involve a public admission by the Communists that they have violated the Armistice Agreement. Furthermore, in the past year many free-world personnel have been released from behind the Iron Curtain after diplomatic negotiations. The Department of State has carefully studied this matter and finds no legal or political objections to such an approach.

It is therefore proposed that the Department of Defense concur in authorizing the British Government to make on behalf of the Unified Command formal representations to the Chinese Communist authorities at Peiping to secure the return of United Nations Command personnel who may still be in Communist custody.

It should be noted in this connection that the Department of Defense has previously concurred in another approach to the Chinese Communists which is presently being undertaken by the British Government on behalf of eleven non-United Nations Command, United States Naval and Coast Guard personnel missing as a result of two plane crashes off Swatow on January 18, 1953. [1]

Following Defense concurrence, the Department of State will undertake appropriate consultations with the British and other Governments concerned. [2]

Sincerely yours,

WALTER S. ROBERTSON

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[1] These personnel were among the Americans listed in a British note of Feb. 23; see footnote 3, Document 156.

[2] Department of Defense concurrence was conveyed in a letter of Apr. 12 from Vice Adm. A.C. Davis to Robertson. (611.9324/4-1254)

No. 177

794A.5 MSP/3-854

The Ambassador in the Republic of China (Rankin) to the Department of State

TOP SECRET TAIPEI, March 8, 1954.

No. 501

Ref: Embassy Despatch 399, January 12, 1954; Department's Instruction A-129, February 9, 1954. [1]

Subject: Chinese Government's Military Aid Proposals

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[1] Despatch 399 enclosed a Chinese proposal for the U.S. aid program for fiscal 1955; instruction A-129 requested the Embassy's comments on the proposal. (794A.5 MSP/1-1254)

Explanation of high security classification: The MAAG has agreed to protect the classification of Chinese documents, and the Ministry of National Defense has refused to down-grade the Top Secret classification of the enclosed "Kai Plan". [2] MAAG comments on this plan are therefore also Top Secret. The other enclosures, as well as the information in the body of this despatch, may be handled as Secret.

Note: Transmitted with this despatch are various pertinent details of recent proposals regarding the future strength of the Chinese Armed F'rces, together with rough estimates of cost. Technical discussion of these proposals falls largely within the province of the American Military Assistance Advisory Group, but certain features raise major policy questions for which the Embassy has responsibilities. The following paragraphs deal with such features, technical military details being mentioned for illustrative purposes only.

Background

With the resumption of American military aid to China after the outbreak of the Korean War in 1950, emphasis naturally was placed upon preparations to defend Formosa and the Pescadores from possible attack. Some attention also was given to the question of maintaining internal order. However, the domestic position of the Chinese Government on Formosa and nearby islands was stronger than had been assumed in many quarters. Whatever danger may have existed in 1950 from potential internal disorders, Communist inspired or other, was soon dissipated incidentally to the growing strength of the Chinese Government as a result of expanded American military and economic aid.

The outbreak of hostilities in Korea found Free China with a military establishment of some 600,000 men stationed on Formosa, the Pescadores and a few islands near the coast of the China Mainland. This force was divided approximately as follows: Army 73 percent; Air Force 10 percent; Combined Service Forces 9 percent; Navy 5 percent and Marines 3 percent. Both the total strength and its distribution among the branches were largely the result of circumstances other than the actual defense requirements of Formosa. They represented the forces which it had been physically possible to evacuate from various regions of China before the Communist occupation. For obvious reasons, a larger percentage of officers

[2] The "Kai Plan," entitled "Special Military Aid Program, 1954–1955," was handed to Admiral Radford by Chiang Kai-shek on Dec. 28, 1953, when Radford was in Taipei with Walter Robertson. It was not enclosed with this despatch, but was summarized in a letter of Jan. 4 from Foreign Minister Yeh to Radford, which was enclosed. None of the enclosures is printed.

had been able to get away than enlisted men, and a relatively greater number of Air Force and Navy personnel reached Formosa than in the case of the Army.

After preliminary surveys, which necessarily were rather hurried in view of the possibility of Communist attack, the United States tacitly undertook to supply the most obviously needed arms and other equipment for the forces then existing on Formosa and the Pescadores, which the Seventh Fleet had been ordered to help defend. These forces represented nearly 90 percent of the entire Chinese military establishment, the remainder being stationed on the offshore islands already mentioned. This was the only practicable approach at the time, since so much needed to be done simply to provide the minimum of arms and equipment required to deal with any enemy forces which might have been able to penetrate such naval and air defense as the United States could provide at the time. It has been assumed throughout, of course, that American naval, air and logistic support would be needed to assist in the defense of Formosa against a major enemy attack.

Policy Differences

Until recently, the basic divergence between Chinese and American policy had raised few practical difficulties. The Chinese Government is dedicated to the liberation of Mainland China, while the United States has undertaken no commitment either to support the Chinese in this purpose by the use of American forces or to provide the Chinese Government with arms, equipment, etc., beyond what may be needed for the defense of Formosa and the Pescadores. But the initial stages of Chinese rearmament involved substantially the same implementation in either case. At times the Chinese showed some impatience with what they regarded as the slowness of American deliveries, but it was generally understood that urgent needs in Korea or unavoidable delays in production in the United States were largely responsible.

The Korean truce coincided more or less with a degree of progress in the military aid program for Free China which met minimum defense requirements, other than against air attack. The basic difference between American and Chinese policy over the longer term therefore became more and more evident. The United States Government already has gone beyond a purely defensive concept in its plans to give the Chinese forces "limited" offensive capabilities. Quite evidently, however, much depends on the interpretation placed upon the word "limited". For the foreseeable future, the strength of the Free Chinese forces will be limited in any case by the human resources available on Formosa and a few small islands, both as regards number of men fit for military serv-

ice and their educational and technical qualifications. Other possible limitations would result from giving the Chinese sufficient equipment, etc., to stage raids on the Mainland up to division strength without being able to maintain a beachhead, or to provide a given number of divisions to reinforce other anti-Communist armies which might be under attack elsewhere in East Asia. This latter limitation would not be agreeable to the Chinese for the longer term, since it would imply abandonment of their great purpose of liberating the Mainland.

Experience has persuaded the Chinese that the United States cannot be expected to take other than a short term view in the practical implementation of Far Eastern policies. They place considerable reliance, however, on the general principles governing American foreign policy, which usually result in an adequate and effective, if tardy, response when a crisis arises. With this background, the Chinese count on (1) the future mistakes of the Communists, and (2) the force of circumstances in general to bring the United States around in due course to a practical policy of helping them in the liberation of Mainland China.

Chinese Pressure for Increased Military Aid.

Under the conditions just described, it is to be expected that the Chinese will endeavor to influence the United States in every way to make possible an expansion of their defense establishment. In the absence of an avowed American policy in this direction, the Chinese will attempt continually and from every promising angle to obtain more arms, more equipment, more money. This could tend in the direction of developing a "balanced" establishment, following previous patterns in the United States and Western Europe, rather than one planned for any specific purpose. Such a course would be in line with Chinese ideas of enhancing their own prestige and might be facilitated by traditional thinking in the United States. In consequence, the second half of the current military aid program, which could produce considerable offensive capabilities, might conceivably result in a military establishment rather well equipped with an orthodox assortment of armor, trucks, aircraft and fighting ships, and unnecessarily large for ground defense purposes on Formosa, but quite incapable of carrying out a successful campaign in the paddy fields and hills of South China. It should be added that the American officers at present in charge of MAAG, Formosa, are keenly aware of this situation and are doing their best to cope with it. In this, however, they are handicapped by the lack of clear directives as to the eventual mission of the Chinese military establishment or of any notion when it should be ready to carry out that mission.

The current Chinese proposals for expansion are realistic at least to the extent that more emphasis is placed upon the enlargement of their Army rather than of their Air Force or Navy. Although opinions differ in detail, it is generally accepted that Formosa has the manpower to produce an effective army of 500,000 to 600,000 men, or one third to one half larger than at present, given the necessary American equipment and economic assistance. It also appears probable that the existence of such a force, with American logistic, and any needed naval and air support, would permit landing in South China, for example, and holding at least a sizable beachhead. Although the army envisaged would be no more than 50 percent above present strength, the larger gain in offensive power could be several times that amount.

It is obvious, however, that any increase in the Chinese military establishment would have to be financed entirely by the United States. There is no prospect of increasing public revenues on Formosa appreciably above the present total of about US$200 million annually. More than $100 million is required for civil government; if the Chinese were to cover this amount in full from their own resources, they would have left between $50 million and $100 million for defense purposes. A total similar in magnitude to this latter amount has been contributed annually by the United States, since 1951, in the form of "common use" items and "counterpart funds" in direct support of the Chinese Armed Forces. In addition, more than $200 million worth of military equipment ("hardware") has been supplied each year.

The cost to the United States of any given increase in the Chinese defense establishment naturally would depend not only on the number of men involved, but on the manner in which they might be equipped. Presumably emphasis would be placed upon light infantry units, generously equipped with mortars, recoilless rifles, automatic weapons, etc., and involving a relatively low cost per man. On this basis the contribution of the United States for an expanded program might be less than the US$2,500 per man estimated by MAAG for equipment. Similarly, his annual maintenance might fall somewhat below the MAAG estimate of US$500. At present the corresponding figure for the entire Chinese military establishment is in the neighborhood of US$300. In any event, the cost would be far below that for American forces, while the proportion of combat troops in relation to those in support would be far higher.

The size and character of the Chinese Armed Forces, which logically should be determined by their mission, will also determine to a decisive degree the amount of economic aid required by Free China. Although total strength in terms of men has not changed

appreciably for several years, accelerated arrivals of equipment and its care and use are producing an ever greater strain on domestic financial resources. The Chinese Government will do well if it can avoid a substantial deficit in the next fiscal year as a result, even with no increase in the number of men under arms. Should the United States decide to support an appreciably larger establishment, it would have to be done on the assumption that, after covering the costs of civil government, the Chinese Government probably could do no more than to pay and feed its Armed Forces. In addition to providing for all other types of military expenditure, the United States would have to continue the provision of economic support sufficient to balance Free China's international payments by paying for essential imports, to keep its internal budgets in equilibrium on all levels of government, and to assist largely in financing the expansion of domestic production to maintain living standards in a rapidly growing population.

Chinese Government's Aid Proposal for Fiscal Year 1955

As stated above, the Chinese military have demonstrated a tendency to approach the United States Government at more than one level and with more than one program in an attempt to obtain US backing for an expanded military establishment on Free China. The ambitious "Kai Plan", to be dealt with later in this despatch, was handed directly to Admiral Radford at the time of his brief post-Christmas (1953) visit to Formosa.

What might be termed the "formal" Chinese FY 55 Aid Proposal was delivered to the Embassy under cover of a Ministry of Foreign Affairs Memorandum dated January 11, 1954. Copies were forwarded to the Department with Despatch 399 of January 12, 1954. The program is summarized in the Foreign Ministry's Memorandum, Enclosure 1. In brief, it calls for an expansion to 3 Field Armies, comprising 24 Infantry and 3 Armored Divisions, plus supporting units; a Navy augmented by 6 destroyers, 10 DE's, 2 transports (AKA and APA) and more than 100 landing and support craft; and 116 additional modern aircraft, from F-86's to B-29's, for the Air Force. "Common Use" Aid is set at US$55,124,000; Economic Aid at US$120,000,000.

The comments of the FOA Mission on the economic aspects of the proposal were sent to FOA/Washington in Tousfo A-485, February 10, 1954. [3] The MAAG's comments are attached as Enclosure 2; a letter from General Chase to General Chou Chih-jou dated February 4, 1954. With respect to the Army, this program is in a sense a counter-proposal to a Chinese Army reorganization plan drawn

[3] Not printed.

up by the MAAG in the fall of 1953, which calls for 2 Field Armies comprising 21 Infantry and 2 Armored Divisions. This reorganization plan has been accepted by the Ministry of National Defense only on condition that the MAAG will support the 3-Field-Army force defined in the Chinese Government's FY 55 proposal.

In the enclosed letter General Chase expresses sympathy with the objectives of the Chinese, but calls their attention to several limiting factors, including the force basis approved by the Joint Chiefs of Staff, present ceilings on US dollar aid to Free China, and the questionable ability of the Formosan economy to absorb such an abrupt increase in the amount of annual military aid without running the risk of severe inflation.

The MAAG does not believe the Chinese Navy and Air Force capable of utilizing additional equipment other than that already anticipated for delivery during calendar 1954–55, namely, 2 destroyers (with the possibility of 2 more if the Chinese Navy is successful in operating and maintaining the first 2 received), a number of small and medium landing and support craft, and three or four groups of F–86 aircraft. The operation of B–29's is considered beyond the current capabilities of the Chinese Air Force.

The Kai Plan

The Kai Plan, according to the Ministry of National Defense, was developed on the assumption that the Ministry's FY 55 program would be accepted and is far more ambitious in scope. (The comment of one MAAG staff officer that it would require "a war-time mobilization of the entire US economy" is doubtless exaggerated, but gives an idea of the MAAG's reaction to this proposal.) It was handed to Admiral Radford by President Chiang Kai-shek on December 28, 1953, and purportedly supersedes a plan originally proposed in a letter to the Admiral by General Chou Chih-jou, Chief-of-Staff of the Chinese Armed Forces, on June 4, 1953. (A letter which, incidentally, neither the Embassy nor the MAAG has seen.)

The Kai Plan is rather well summarized in a letter from Foreign Minister George Yeh to Admiral Radford dated January 4, 1954, a copy of which is attached as Enclosure 3. To be completed before the end of calendar 1955, the Kai Plan proposes an Army of 41 divisions (one airborne); a Navy which includes, in addition to the ships listed in the FY 55 request, 6 AKA's, 6 APA's, and a substantial increase in landing ships; and 531 new aircraft for the Air Force, including jet bombers (B–47's). The Kai Plan does not call for any substantial increase in the Chinese Marine Corps.

The MAAG's comments on the Kai Plan are forwarded as Enclosure 4, a letter from General Chase to the Adjutant General, Department of the Army, dated February 20, 1954. The detailed dis-

cussions of the Army, Navy, and Air Force aspects of the Kai Plan are worth careful study. The tenor of General Chase's observations is reflected in his statement that "much of the plan is completely infeasible of execution and that nearly every aspect requires a vast augmentation in the level of U.S. support, as well as a material modification in U.S. strategic policy." He does not recommend any changes in his JCS Force Basis proposal for FY 1955, i.e., 21 infantry and 2 armored divisions, plus an increase in Chinese Marine Corps strength to 1 full division. An increase over ships and aircraft currently planned under the military support program is considered impractical.

Embassy Comment: From the Chinese point of view it is unfortunate that the proposals of the Ministry of National Defense have been of such grandiose scope. Having been presented with a bewildering assortment of ambitious figures, it is possible that Free China's advisers have shown a natural inclination to devote more energy to demonstrating the infeasibility of the plans than to estimating what can be done to expand the Chinese armed forces, from a practical standpoint, provided Free China's share of the annual US foreign aid program can be raised. While it is probably true that the growth of the Navy and Air Force presently envisaged by US support plans is very nearly the feasible maximum, this is less clearly demonstrable in the case of the Chinese Army. In the enclosed discussion of Army aspects of the Kai Plan it is asserted that the January 1956 time limit set by the Chinese for the establishment of the Kai Plan's four Field Armies would be barely sufficient to recruit, train, and equip two Field Armies. However, it is admitted that the proposed program could be accomplished in from three to five years—perhaps not too long a time in this drawn-out Cold War—conditional only upon the availability of equipment, a sufficient number of US advisers, and funds.

The question of funds is of course fundamental to the above considerations and has been largely omitted from the several comments prepared by the MAAG, which were made largely from the point of view of technical feasibility. At Admiral Radford's request, during his most recent visit to the island, the MAAG Controller and G–4 Sections prepared an estimate that each additional Soldier in the Chinese Army will cost the United States US$3,000 for the first year and $500 per year thereafter to maintain. This estimate was based on the practical assumption that the United States will have to pay all of the bills for an increased force—including equipment, pay, uniforms, housing, etc.—either directly or indirectly. Based on the MAAG's conservative requirement of a ratio of 18 support personnel to 17 combat soldiers, the Kai Plan would require a force of 629,000 men (provided the number could be raised

from the Formosan population), more than the 300,000 now included in the Military Support Program. On this basis the Kai Plan's Four Field Armies would cost the US taxpayer $1,887,000,000 above current aid levels and, at $500 per man, an increase of $314,500,000 in annual maintenance—*not* including the additional amount necessary to cope with dislocations in the Formosan economy.

Imposing as these figures may be, they nonetheless compare favorably with the $5,600 it reportedly costs annually to maintain the average US infantryman. It has been demonstrated in Korea that it is possible to recruit, train, and equip divisions of poorly educated Asians at lower costs than equivalent US divisions, provided they can be given American air, naval and logistical support. The same can be done on Formosa—a strategic bargain which should not be overlooked if military developments in the Far East require a rapid increase in anti-Communist armed strength.

K.L. RANKIN

No. 178

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 188th Meeting of the National Security Council, Washington, March 11, 1954 [1]

[Extracts]

TOP SECRET EYES ONLY

Present at the 188th Meeting of the Council were: The President of the United States, presiding; the Vice President of the United States; the Acting Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Attorney General (for Items 2, 3 and 4); the Secretary of Commerce (for Items 5, 6 and 7); Mr. Morrison for the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission (for Items 2, 3 and 4); the Federal Civil Defense Administrator (for Items 2, 3 and 4); the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; Sherman Adams, the Assistant to the President; Robert Cutler and C.D. Jackson, Special Assistants to the President; Gen. Persons, Deputy Assistant to the President; Walter S. DeLany and Kenneth R. Hansen, Foreign Operations Administration; Marshall Smith, Acting Assistant Secretary

[1] Drafted by Gleason on Mar. 12.

of Commerce for Internal Affairs; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the main points taken.

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7. United States and Free World Controls Over Transactions With Communist China (Memo for NSC from Executive Secretary, same subject, dated March 3, 1954; NSC 152/3) [2]

Mr. Cutler suggested that in view of the problem presented by the UK proposals [3] which had just been discussed, the Council might desire to postpone consideration of any relaxation of controls on trade with Communist China since, until the US–UK issue was settled, it would be difficult to reach a decision. He accordingly asked Secretary Weeks whether he wanted to press for Council consideration of this item or whether he would agree to its postponement until after the conclusion of the Geneva Conference.

Secretary Weeks said that he would like to remind the Council, for the record, that in the course of discussions of trade with Communist China last fall, the President and the Council had in effect asked for a thoroughgoing restudy of the problem of U.S. and free world trade with Communist China. The Commerce Department had for this reason put itself rather in the position of the devil's advocate in this matter, and it still believed that the problem should be discussed. He was, however, in agreement with the proposal for postponement.

Secretary Smith said that there was one particular point in the reference report which he felt it desirable for the Council to act on at this time. This was to approve a gradual relaxation of the controls placed by the Japanese on their trade with Communist China down to the agreed CHINCOM level. The Council agreed to approve this proposal in the form presented by the Departments of State and Defense and the Foreign Operations Administration.

The National Security Council: [4]

a. Noted the Progress Report on Revision by EDAC–ACEP of the list of strategic items, contained in Annex C to the reference memorandum.

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[2] See footnotes 1 and 2, Document 175.

[3] The reference is to a British memorandum, given to the U.S. Embassy in London on Mar. 1, urging extensive reductions in the COCOM lists of items subject to multilateral trade controls and proposing a joint U.S.-British initiative supporting such reductions; for related documentation, see vol. I, Part 2, pp. 1082 ff.

[4] The lettered subparagraphs constitute NSC Action No. 1064. (S/S–NSC (Miscellaneous) files, lot 65 D 95, "Record of Actions by the National Security Council, 1954")

b. Adopted the proposal by State, Defense and FOA, regarding Japan, contained in the proposed paragraph 39–b–(1) as set forth in paragraph 7 of the enclosure to the reference memorandum.

c. Deferred action on the remainder of the enclosure to the reference memorandum until after the Geneva Conference.

Note: The action in b above, as approved by the President, subsequently circulated as an amendment to NSC 152/3. [5]

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S. EVERETT GLEASON

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[5] A memorandum of Mar. 15 from Lay to the National Security Council transmitted a revised page, incorporating the new paragraph 39, to be substituted for the equivalent page of NSC 152/3. (S/S–NSC files, lot 63 D 351, NSC 152 Series) The new paragraph reads as follows:

"39. In the absence of further Chinese Communist aggression and during the period prior to achieving settlements satisfactory to the United States in the areas around Communist China, the United States should release Japan gradually, as appropriate, from its obligations under the U.S.-Japanese bilateral agreement to maintain export controls higher than the CHINCOM levels." (NSC 152/3, "Economic Defense," Nov. 6, 1953 (with later revisions incorporated); S/S–NSC files, lot 63 D 351, NSC 152 Series)

No. 179

INR-NIE files

National Intelligence Estimate [1]

SECRET
NIE-10-2-54

WASHINGTON, 15 March 1954.

COMMUNIST COURSES OF ACTION IN ASIA THROUGH MID-1955 [2]

THE PROBLEM

To estimate probable Communist courses of action in Asia * through mid-1955.

CONCLUSIONS

1. We believe that the USSR and Communist China will remain closely allied at least during the period of this estimate, and that their cooperation in furthering Communist objectives in Asia will not be materially reduced by frictions or conflicting interests.

2. The USSR and Chinese Communists almost certainly estimate that during the period of this estimate they are unlikely to obtain an Asian settlement on their terms, but that the present situation in Asia fosters tensions, both within the Western alliance and between non-Communist Asian countries and the West, which can be exploited to Communist advantage. The Communists probably will not make any major concessions in the interest of relieving international tension in Asia, but will attempt to impress free world countries, particularly Asian neutrals, with their willingness to negotiate.

3. The Communists will probably not initiate new local aggressions in Asia with identifiable Soviet, Chinese Communist, or North Korean armed forces. However, they will continue where they feel it expedient to support indigenous Communist insurrections, and to exploit any opportunities which arise to weaken West-

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[1] A note on the source text states that this estimate superseded NIE-47, "Communist Capabilities and Intentions in Asia Through Mid-1953," Oct. 31, 1952. NIE-47 is not printed; a copy is in INR-NIE files.

[2] A note on the source text reads as follows:

"The Intelligence Advisory Committee concurred in this estimate on 9 March 1954. The FBI abstained, the subject being outside of its jurisdiction.

"The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff."

* Asia, as here used, includes Japan, Taiwan, the Phillipines, Indonesia, Ceylon, and all of mainland Asia east of (but not including) Iran and Afghanistan. [Footnote in the source text.]

ern strength and to extend Communist power and influence in Asia, taking advantage of the extreme vulnerabilities of this area to Communist pressures in a number of respects.

4. In Korea, we believe that the Communists will: (a) refrain from renewing hostilities, but will be militarily prepared for a resumption of hostilities; (b) refuse to accept any settlement which either endangers continued Communist control of North Korea or precludes hope of eventual Communist control of all Korea; (c) take steps to rehabilitate North Korea and to strengthen its military and economic power; and (d) attempt to weaken the ROK by infiltration and subversion.

5. We believe that during the period of this estimate Communist strategy in Indochina will be designed to extend Viet Minh military and political power, to destroy France's will to continue fighting, and ultimately to gain control of all Indochina. The Viet Minh will probably press its war effort and will continue its tactics of infiltration and subversion. Communist China will almost certainly maintain and may increase its material, training, and advisory support of the Viet Minh. The Communists will almost certainly continue during this period to raise the prospect of a negotiated settlement of the Indochina war, and to hint at the possibility of an early cease fire. Such tactics will be pursued primarily for their psychological effect upon the French and the non-Communist Indochinese. The Communists almost certainly will not negotiate any settlement or agree to any cease fire which does not offer them excellent prospects for domination of Indochina. Finally, we believe that, so long as the Indochina war retains essentially its present character, Chinese Communist combat forces will not overtly intervene in Indochina, and that identifiable Chinese Communist "volunteers" will not be engaged on a significant scale during the period of this estimate.

6. Elsewhere in Asia, in those countries of Asia where major Communist armed forces are not openly committed, Communist policy will continue to combine soft and hard tactics. The Communists will profess and in some instances implement a policy of expanding existing trade relations with the countries of this area in an effort to make them more favorably disposed toward the Communist world. The Communists will continue their efforts to enhance Communist China's prestige in Asia, and will also attempt to build up the strength of indigenous Communist parties in the area.

DISCUSSION

I. Factors Influencing Communist Courses of Action in Asia

7. The chief factors which shape Communist policy in Asia appear to be: (a) the nature of the relationship between the USSR and the other Communist regimes and parties in Asia, particularly Communist China; (b) Communist objectives in Asia; (c) Chinese Communist strength; (d) vulnerabilities of the non-Communist countries of Asia; and (e) the Communist estimate of US intentions in Asia.

8. *Communist relationships.* The USSR does not appear to exercise over the various Communist parties and regimes in Asia the absolute control that it does over the European Communist parties and Satellites.

9. The role of Communist China in the international Communist movement is markedly different from that of any other Communist country. Communist China acknowledges the USSR as the leader of the world Communist movement and appears generally responsive to the Soviet Union's strategic and doctrinal guidance, but it is more an ally than a satellite of the USSR. It possesses some capability for independent action and probably exerts an important influence upon the shaping of Communist policy in the Far East. In addition, the prestige accorded Mao Tse-tung by the USSR as a Communist theoretician in his own right goes far beyond that accorded any other contemporary non-Soviet Communist.

10. Although there is little specific evidence, we believe that Communist China is presently being accorded a higher, though still not equal, status within the Sino-Soviet partnership. The USSR has recently gone further than ever in pushing Communist China's claim to an acknowledged position in international affairs. Also, the Soviet Union has given evidence of a willingness to have Communist China assume greater responsibilities in furthering Communist interests in Asia.

11. There is little information about the planning and direction of Communist activities in Asia. The main outlines of Communist policy in Asia are probably jointly determined by Moscow and Peiping, with the Soviet voice presumably being the dominant one. However, the USSR appears to treat Peiping with deference and is probably reluctant to override strongly held Chinese convictions. Communist China appears to have an increasingly important role in the execution of Communist policy in North Korea and Indochina. Elsewhere in Asia, the administration of Communist activities does not appear to follow a consistent pattern. The activities of individual parties appear to be directed through various channels, but for the most part either through Moscow or Peiping. Moreover,

the activities of the separate parties do not always appear to be coordinated with each other, and there have been factionalism and dissidence at times within the parties.

12. *Communist objectives in Asia.* The USSR and Communist China appear to have the following common objectives in Asia:

a. As part of the general objective of advancing the world Communist movement, to reduce and eventually eliminate Western power and influence from Asia, and to expand Communist power and influence;

b. To increase the Communist military potential in Asia;

c. To increase the Communist Bloc economic potential by developing the economies of Communist China and North Korea; and

d. To prevent the resurgence of an armed and hostile Japan.

13. In addition, the USSR and Communist China probably have individual ambitions in Asia:

a. The USSR probably seeks: (1) to supplant Western power and influence in Asia with Soviet power and influence; (2) to establish and extend control over Communist China; (3) within these limits, to increase Chinese Communist military and economic strength; and (4) to extend and intensify Soviet control over Communist movements elsewhere in Asia; and

b. Communist China probably seeks: (1) to consolidate its revolution and develop a strong industrial base and a modern military establishment, and for this purpose to obtain greater Soviet assistance; (2) to thwart any attempts of the USSR to interfere in Communist China's internal affairs; (3) to minimize Soviet influence in the Chinese border areas; (4) to increase Chinese Communist influence over Communist movements in the Far East; and (5) to gain an acknowledged and independent position as a world power and as the leader of Asia.

14. The respective ambitions of the USSR and Communist China are in some cases conflicting, and constitute potential sources of friction between the two powers. However, we believe that throughout the period of this estimate the cohesive forces in the Sino-Soviet relationship will be far greater than the divisive forces. The USSR and Communist China share a common ideology. Both of them regard the US as the chief obstacle to their objectives in Asia, and believe that their interests are threatened by US policy and power in the Pacific. Moreover, each partner profits at the present time from its alliance with the other. Communist China receives considerable Soviet political, military, and economic support and assistance. The USSR recognizes in China a valuable ally which provides not only military strength and defense in depth in the Far East, but also a base for further advancing Communist aims in Asia. Moreover, the alliance with Communist China enables the USSR to use the "China problem" as a political and psy-

chological asset of great value in dividing and confusing the non-Communist world.

15. We believe that the USSR and Communist China will remain closely allied at least during the period of this estimate, and that their cooperation in furthering Communist objectives in Asia will not be materially reduced by frictions or conflicting interests.

16. *Chinese Communist strength.* Although the Peiping regime has apparently lost much of its initial popular support, it exercises firm control over the territory which it administers. Barring Communist China's involvement in a full-scale war, there is little likelihood of this control being threatened or shaken by domestic forces within the period of this estimate. The regime has made considerable progress in economic rehabilitation and development. It now possesses a large military establishment which, by Asian standards at least, is modern and formidable.

17. However, Communist China still faces a prolonged period of building up its military and economic strength before it achieves the position its leaders desire. Communist China's military capabilities continue to be limited by: (a) almost total dependence upon the USSR for aircraft and heavy military equipment; (b) deficiencies in training, tactics, and logistics, particularly with respect to its naval and air forces; and (c) little or no experience in certain important aspects of military operations, including tactical air support, high altitude bombing, amphibious operations, and submarine and antisubmarine warfare. Moreover, the period of relatively rapid economic recovery and development in Communist China appears to be coming to a close, and future gains will probably be somewhat slower. The Peiping regime has curtailed the original scope of its ambitious Five-Year economic plan, apparently because Communist China's leaders have gained a clearer and more sober appreciation of the many obstacles to be overcome in attempting the rapid industrialization of Communist China. In addition, the level of Soviet economic assistance is apparently not so high as Peiping originally anticipated.

18. Despite these limiting factors, Communist China's military strength and effectiveness are far greater than those of any non-Communist state in Asia, and Communist China's capabilities to wage political warfare in Asia and to support "national liberation" movements in that area are substantial. However, we believe that these limiting factors are sufficient to impose caution upon the Communists, particularly in considering courses of action which might involve them in military conflict with the US and its allies.

19. *Vulnerabilities of the non-Communist countries of Asia.* Except in Indochina, the non-Communist governments in Asia are not seriously threatened at the present time by Communist insur-

rection, even though Communist guerrilla forces remain in Burma, Malaya, and the Philippines. Local Communist parties do not present a serious threat to the position of the respective governments, although in Indonesia Communist strength and influence are likely to increase as long as the present Communist supported government continues in office. In most of Asia the politically influential groups are slowly gaining an increased awareness of Communist designs and policies.

20. However, the effective resistance of the majority of the countries of this area to Communist pressures is to an almost critical degree dependent on continued Western support and assistance. Non-Communist Asia is extremely vulnerable to Communist pressures in a number of respects. The relative military weakness of these countries makes most of them apprehensive of antagonizing Communist China. Throughout the area, existing nationalist and anti-Western sentiments create a receptiveness to Communist propaganda. Political immaturity and serious internal cleavages have resulted in domestic instability in such countries as Indonesia, Vietnam, Cambodia, and to a lesser extent Burma. There are economic difficulties throughout the area which are susceptible of Communist exploitation and within each of these countries are Communist organizations bent on the country's subversion. In addition, within the states of Southeast Asia the significant number of Chinese residents, many of whom are loyal to the "homeland," continues to offer an important target for Communist exploitation.

21. *The Communist estimate of US intentions in Asia.* From the Communist viewpoint, the chief factor in estimating non-Communist policy in Asia is the probable role of the US. The Communists almost certainly believe that the US wishes to see Communism eliminated from Asia and is determined to oppose further Communist expansion in Asia. They may also estimate that the US intends to take a more active part in an attempt to overthrow Asian Communist regimes. The Communists might base these estimates on: the presence of US forces and bases in Korea, Japan, the Ryukyus, and the Philippines; US public declarations with respect to Chinese Communist aggression against Indochina or renewed Communist aggression in Korea; US defense treaties with the ROK, Japan, and the Philippines; US military and diplomatic support of the Chinese Nationalist Government on Taiwan; US military assistance to Indochina; and US efforts generally to increase the strength of the non-Communist Asian states. However, the Communists probably further estimate that the US is reluctant to become more deeply engaged militarily in Asia. The Communists might base this estimate on: the fact that the US did not expand the Korean war and accepted an armistice in Korea; the announced in-

tention of the US to disengage a portion of its strength from Asia as part of a new global strategy; and the apparent desire of the US to avoid further aggravating existing differences with its allies over Asian policy.

22. We believe that the USSR and Communist China have probably concluded on the basis of the above that: (a) military aggression against Japan, Taiwan, the Philippines, or the ROK by Chinese Communist forces would almost certainly bring US actions against the Chinese mainland, possibly including attacks with nuclear weapons; (b) Chinese Communist military aggression against Indochina would probably result in such US action; (c) Chinese Communist military aggression elsewhere in Asia would at least risk such US action; and (d) the US is not likely, unprovoked, to attack the Chinese mainland. The USSR and Communist China cannot disregard the possibility that the US might commit US forces in Indochina to prevent a decisive French defeat. Lastly, the USSR and Communist China have probably concluded that the US will find it difficult in many instances to bring effective counteraction to bear against Communist subversion in Asia, and that they therefore have a large area of maneuver open to them in Asia in which to pursue courses of action which will provoke neither unacceptable nor effective counteraction.

23. *Net effect of factors influencing Communist courses of action in Asia.* † We believe that the net effect of all the factors considered in the preceding paragraphs will impel Communist rulers to seek to attain their objectives in Asia through courses of action which will not: (a) place heavy strain at this time upon the relationships among the Communist regimes; (b) subject Communist China to severe economic strains; (c) inhibit Communist opportunities to exploit non-Communist Asian vulnerability; or (d) involve serious risk of attacks on the Chinese mainland.

II. Probable Communist Courses of Action in Asia

General Courses

24. The USSR and Chinese Communists almost certainly estimate that during the period of this estimate they are unlikely to obtain an Asian settlement on their terms, but that the present situation in Asia fosters tensions, both within the Western alliance and between non-Communist Asian countries and the West, which can be exploited to Communist advantage. They probably believe that a continuance of their present policies will in particular give them opportunities during the period of this estimate to enhance the position of Communist China as a world power and to weaken

† This paragraph does not consider the effect on Communist courses of action of possible new Western moves in Asia. [Footnote in the source text.]

further France's will to continue the Indochina war. The Communists probably will not make any major concessions in the interest of relieving international tension in Asia, but will attempt to impress free world countries, particularly Asian neutrals, with the Communist willingness to negotiate. They will probably not initiate new local aggressions in Asia with identifiable Soviet, Chinese Communist, or North Korean armed forces. However, they will continue where they feel it expedient to encourage and give material support to indigenous Communist insurrections, and to exploit through internal subversion and political, economic, and diplomatic pressures any opportunities which arise to weaken Western strength and support, and to extend Communist power and influence, in Asia.

Specific Courses of Action

Here follows discussion of estimated Communist courses of action with respect to various specific countries in Asia.

. . . The Communists will probably continue small-scale raids against Chinese Nationalist-held offshore islands, and will probably attempt to increase their espionage capabilities on Taiwan. However, the principal Communist effort against Nationalist China will probably be, by diplomatic and propaganda means, to reduce remaining support for the Nationalist Government on the part of non-Communist powers and thus facilitate an ultimate disposition of Taiwan acceptable to the Communists.

No. 180

Eisenhower Library, Dulles papers, "Meetings with the President"

Memorandum of Conversation, by the Secretary of State

TOP SECRET [WASHINGTON,] March 24, 1954.

MEMORANDUM OF CONVERSATION WITH THE PRESIDENT

[Here follows discussion concerning the proposed European Defense Community and Indochina.]

I mentioned that it might be preferable to slow up the Chinese Communists in Southeast Asia by harassing tactics from Formosa and along the seacoast which would be more readily within our natural facilities than actually fighting in Indochina. The President indicated his concurrence with this general attitude.

I said that, as I previously mentioned, it would be useful for me in my speech Monday night [1] to talk about Indochina and its im-

[1] The text of Dulles' speech, made before the Overseas Press Club of America in New York on Mar. 29, is in Department of State *Bulletin*, Apr. 12, 1954, pp. 539–542.

portance to the free world, and also to clarify and emphasize our attitude toward non-recognition of Communist China and its exclusion from the United Nations. I said that there was developing somewhat of a landslide psychology in favor of "appeasement" of Communist China, and I felt that something strong needed to be said publicly to check it. The President fully agreed, emphasizing the misconduct of the Chinese Communists, their seizure and retention of Americans as prisoners, etc. I recalled the many violations and promises made by the Communists, starting with the Litvinov Agreement, which was part of the Soviet recognition arrangement. The President thought it would be well to catch this history in my speech, and to call for "deeds" rather than "words". He suggested, however, that we should not imply that we would give recognition or agree to United Nations membership if certain tests were met. He suggested that we should merely say that under present conditions recognition could not be considered by us.

[Here follows further discussion concerning Indochina.]

JFD

No. 181

795.00/3-2654

Memorandum by the Regional Planning Adviser for Far Eastern Affairs (Ogburn) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

SECRET [WASHINGTON,] March 26, 1954.

Subject: U.S. Position at Geneva

In response to your invitation to express my view as to what our position should be at Geneva, I would offer the following:

The United States and Communist China are now in effect engaged in a limited war (the battlefronts are in Korea, the Straits of Formosa, and Indochina and, in addition, we are at war in a general sense with respect to economic measures, mutual non-recognition, etc.). At Geneva we shall meet with our enemy at the conference table. The problem will be to determine whether a peace can be negotiated. We must, therefore, be prepared to come forward with our terms for a settlement. This would, however, be necessary whether we were preparing to negotiate with the Chinese Communists or not. In waging war it is always necessary to indicate the terms of settlement one is prepared to accept—even if the terms are unconditional surrender. Without terms which are generally accepted in one's own country and among one's allies, there can be

no unity in waging the war, no rational plans for carrying it out, and no way of knowing how or when a conclusion is to be reached, or, indeed, *whether* it has been reached.

Therefore, what is important is that we be prepared at Geneva to specify our terms of a settlement with Communist China. We should define the concessions we require of Communist China with respect to the future status of Korea, Formosa, and Indochina, the treatment of foreign officials and foreign-owned properties in China and other matters concerned with the Peiping regime's external behaviour. Subject to Communist China's agreeing to these concessions and carrying them out, we for our part would be prepared to terminate economic controls on Communist China and accept the Peiping regime as the legitimate government of China. Our demands of Communist China should come as close as possible to being both (1) sufficiently hard to protect our important interests and (2) sufficiently reasonable to attract general international support. We should neither appease Communist China nor stand on such extreme terms that we shall lose the support of our allies and sacrifice our leadership.

Having announced our terms at Geneva, we should expect to bargain on them. We should expect that the process of bargaining would either produce a general settlement in the Far East that would be tolerable to us or result in conclusively pinning responsibility upon Communist China for the continuation of the injustices and tensions prevailing in the Far East and in strengthening international support for our own position. It may be that the Secretary's forthcoming speech, [1] in which he stresses the "performance" we shall require of Communist China, will lead to a definition of our terms. I hope so.

After I sent Mr. Drumright a copy of my memorandum to you of March 2 [2] dealing with this same subject, we engaged in the following exchange of notes:

Drumright to Ogburn: "Let the Chinese show a definite capacity to behave peacefully and justly. Until they do that let us stick to our guns".

Ogburn to Drumright: "The whole question is, what standards of peaceful and just behavior are we applying? What concretely are we asking the Chinese Communists to do in return for which we shall call off our dogs?"

Drumright to Ogburn: "Stop their aggression and subversion. Live peaceably with their neighbors and the world generally. Live up to their obligations as decent and law abiding members of the international community".

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[1] See footnote 1, *supra*.

[2] Not printed.

Ogburn to Drumright: "Good. Would we be willing to spell out these conditions and then state publicly that if Communist China lived up to them, we would be willing to terminate economic controls on Communist China and acquiesce in Communist China's representation in the UN? If so, Lippmann's [3] point would be met and I believe our position at the Korean Political Conference and in the Far East generally would be much stronger. It is by setting forth terms of a general settlement in the Far East that will appeal to reasonable men as fair and realistic—and only by doing this—that we can call Communist China's bluff, regain the initiative, and restore confidence in our leadership."

Drumright to Ogburn: "I doubt if we would want to state these things publicly. Rather we would want the Chinese to do these things without our stating them."

There are only two reasons I can think of why we should refuse to state our terms publicly. One reason would be that this would involve us in making some very unpleasant and difficult decisions. The other would be that in fact nothing less than the destruction of the Chinese Communist regime will satisfy us. If the former is the reason I would suggest that we must make the decisions, palatable or not, unless we wish to witness a growing disunity in the free world and growing loss of faith in the United States and growing confusion at home. If the latter is the reason, I believe we should face up to it frankly, put ourselves on a war footing, reconcile ourselves to the effect on our allies, stop negotiations with the Chinese Communists and, as a first step, prepare to drive them and their influence out of Korea and Indochina and seriously groom the Chinese Nationalists for a campaign on the mainland. [4]

[3] Journalist Walter Lippmann.

[4] There follows on the source text a handwritten note by Robertson: "Or maintain our strength and continue our economic pressures until they either change their leadership or disintegrate from within—a good possibility—WSR".

No. 182

793.5/3-2054

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State [1]

TOP SECRET [WASHINGTON,] March 31, 1954.

Subject: Bilateral Security Pact with China

[1] Filed with a memorandum of Sept. 1, Document 269.

Discussion:

Subsequent to FE's memorandum to you of February 25, a detailed memorandum on the proposed treaty [2] was circulated to concerned Bureaus. (Tab C) [3] Only two substantive objections to the pact have been raised: 1) NEA fears that the Indians might be driven closer to Communist China; [4] 2) S/P has reservations as to the language of Article IV of the draft treaty. [5] FE does not consider the possible reaction of India to be an overriding consideration, and it believes that the language of Article IV can be reworked to meet S/P's reservations.

EUR, [6] UNA, [7] and to a lesser extent S/P, perceive objections to commencing negotiations with the Chinese before or during the Geneva Conference. They assert this would seem to our Allies a gratuitous demonstration of inflexibility and would be exploited by the Soviets for divisive purposes. FE believes, however, that commencing negotiations with the Chinese before the Geneva Conference would strengthen our negotiating posture at the Conference by making clear at the outset our completely firm position on the Formosa issue.

Recommendations:

That you approve the negotiation with the Government of the Republic of China of a Mutual Security Treaty and that the Department endeavor to obtain NSC approval in time to permit nego-

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[2] Reference is to Robertson's Mar. 15 memorandum, cited in footnote 7, Document 174. A draft treaty prepared in the Bureau of Far Eastern Affairs was circulated with the Mar. 15 memorandum and is filed with it. A copy was attached to this memorandum but is not filed with the source text.

[3] None of the attachments is printed.

[4] Memorandum of Mar. 22 from Henry A. Byroade, Assistant Secretary of State for Near Eastern, South Asian, and African Affairs, to Robertson, attached to the source text.

[5] Article IV of the draft treaty cited in footnote 2 above reads as follows:

"Each Party recognizes that an armed attack in the Pacific Area on either of the Parties in territories now under their respective administrative control, or hereafter recognized by one of the Parties as lawfully and actually under the administrative control of the other, would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes and in accordance with its obligations under the Charter of the United Nations."

Bowie's memorandum of Mar. 22 to Robertson, attached to the source text, expressed concern that this language might be applied to the Nationalist-held offshore islands and stated that a formula should be sought which would free the United States from any obligation to defend the islands without entailing a public announcement to that effect.

[6] Memorandum of Mar. 20 from Merchant to Robertson, attached to the source text.

[7] Memorandum of Mar. 23 from Wainhouse to Robertson, attached to the source text.

tiations with the Chinese Government to commence before the Geneva Conference. [8]

[8] Secretary Dulles indicated his disapproval of the recommendations in the space provided at the conclusion of the memorandum and added the following handwritten note: "because not enough time befr Geneva—delicate Senate problem—JFD."

No. 183

Northeast Asian Affairs files, lot 60 D 330, "Briefing Book: Geneva Conference, Korean Phase"

Background Paper Prepared in the Department of State for the United States Delegation to the Geneva Conference [1]

CONFIDENTIAL [WASHINGTON,] April 6, 1954.
GKI D-5/1

THE SINO-SOVIET RELATION AND ITS POTENTIAL SOURCES OF DIFFERENCES

BASIC FEATURES OF THE SINO-SOVIET ALLIANCE

1. In its most general features the Sino-Soviet relationship may be compared to that between Great Britain and the US. Compelling considerations of military security cement the alliance of the two countries. There are strong ties of trade and similarity of political institutions. While Communist China presently assumes a junior position in the alliance, its geographic position and sources of independent power are such as probably to persuade the USSR to a considerable extent, at least, to respect its independence in its internal affairs and its right to an important voice in Communist planning for Asia.

2. At the same time important differences distinguish the Sino-Soviet relationship from that of Britain and the US. Ideological fanaticism plays a critical role in the obeisance of Peiping to Moscow, whereas the strong forces of culture and tradition prevailing between Britain and the US are absent. The long common frontier between Communist China and the USSR provides an element of strength and also of fear not present in British-US relations. But while both relationships are characterized by a strong current mutuality of interests, that of Peiping and Moscow appears in the long run to be confronted with far the greater potential conflicts.

[1] A covering note stated that the paper was prepared by Robert O. Blake of the Office of Eastern European Affairs and reflected the comments of the Office of Chinese Affairs and the appropriate divisions of the Office of Intelligence Research.

ADJUSTMENTS IN SOVIET POLICY OCCASIONED BY THE RISE OF MAO

3. The emergence of Communist China as a major Asian power (certainly from the military point of view *the* major Asian power) required a very substantial adjustment in Soviet thinking. For the second time, a Communist nation emerged in a situation where Soviet military strength was not the major factor in the gaining and consolidation of power. The first time was in Yugoslavia; the implications for China of Tito's break with USSR were certainly not lost on the Soviet leaders.

4. The Soviet inability to develop the usual satellite organizational controls over Peiping likely confronted Stalin with two facts inconsistent with his previous objectives. One was that the vast territory and population of China could not be directly manipulated and controlled; and the other was the calculation that future Communist gains in East Asia would not be in areas geographically contiguous with areas under Soviet military control.

5. The Soviet Union was thus probably forced to recast the concept of its relations with Communist China. It is impossible to determine to what extent this change in Soviet attitude was due to counter demands made by the Chinese Communist leaders during the Korean War or to the death of Stalin and the relative rise of Mao's prestige which resulted. These factors, however, apparently did have important effects on the Soviet attitude toward Communist China and upon Chinese Communist self-confidence. The Soviet Union has, as the Tsarist regime before, now come to recognize that her relations with Communist China were central to her Far Eastern policy. She has apparently also gone further in acknowledging the Chinese right to an important voice in the determination and carrying out of Communist policy in Asia.

FORCES OF SOVIET INFLUENCE AND AUTHORITY IN COMMUNIST CHINA

6. Necessarily, the independent power base of the Chinese Communists and Soviet-acknowledged "great power" status for China makes it impossible for the USSR to think in terms of the usual satellite controls over China. The USSR must rely for China's continuing allegiance primarily upon a mutuality of interest and economic and military interdependence. In some few respects the USSR may have a direct lever upon Chinese Communist policy. Soviet advisers can provide Moscow with intelligence on Communist China, but they are believed to have considerably limited influence on overall Chinese policy. Through a nearly monopolistic position in Chinese Communist trade and technical assistance, the USSR can have a hand in shaping the Chinese Communist industrial program, a major preoccupation of the Peiping regime at

present. Soviet military aid to China gives Moscow some voice in Peiping's military modernization and operation. However, direct Soviet interference in Chinese Communist affairs is probably kept at a minimum. Nevertheless, the USSR as leaders of a world "bloc" may expect that Peiping adhere to the general lines of Soviet foreign policy.

POTENTIAL DIFFERENCES: SOVIET AID TO CHINESE ECONOMIC DEVELOPMENT

7. The possibilities for important Sino-Soviet differences seem to be greatest in the field of Soviet response to Communist China's need for industrial and technical services. Such equipment and services are essential to Communist China in the achievement of her most important national objectives, recreation of a modern industrial state.

8. Having staked an all-out effort on successfully pushing through its economic program, Peiping must press the USSR for delivery of such equipment and services at the fastest rate they can be absorbed. The goods and services obtained from the Soviet Union must be paid for in cash or in Chinese raw materials. Both must be squeezed from the Chinese people at the expense of their nourishment and living standards. There is evidence that, as a consequence of Moscow's unwillingness to meet Communist China's requests in a less mercenary manner, the latter has already been forced to alter drastically the magnitude of her first five year plan.

9. Allied trade controls on Communist China make China's dependence on the USSR the more complete. They tend to maximize Moscow's inadequacies and Peiping's dissatisfactions therewith and temptation to seek alternative sources in the West or Japan. The more that trade channels become set in Russian techniques, terminology, standards, spare parts, and institutional framework, the more difficult it becomes for China to turn to other sources. On the other hand, under present circumstances, the dependability of the Soviet sources for equipment must be a somewhat reassuring factor to the Chinese Communists.

10. The advantages which the Soviet Union gains from Communist China's dependence upon it for goods and services, from "institutionalizing" Communist China's trade in Soviet channels and integrating her economy into the Communist bloc's economy are extremely important. At the same time, they are in some degree offset by the economic drain and by the Chinese restiveness and ill-will which are brought about by Moscow's trade terms and inadequacies. The very fact that the Soviet Union could make the scale and terms of its trade more liberal tends to limit the use it can

wisely make of economic "aid" as a club over Chinese Communist policy.

OUTLOOK ON WORLD AFFAIRS

11. While the Soviet leaders are heirs to a revolutionary tradition which they will not hesitate to exploit for expansionist purposes, their motivation internationally is essentially one of preserving leadership already won; this could be contrasted with the "on-the-make" surge of the Chinese Communists. In addition to their headier revolutionary elan, the Chinese Communists are powerfully motivated by the urge to restore China's traditional greatness in Asia. This does not imply that Peiping is not keenly aware of risks to its security which must be guarded against. Rather it indicates merely that Communist China's ambitions in Asia, subject to avoidance of such risks, may be proportionately greater than those of the USSR.

12. Quite different geographical situations also tend to give the Soviet Union and Communist China varying outlooks on world affairs. The Sino-Soviet Alliance and the Himalayan Mountain chain together tend to limit areas of danger to the national security of Communist China to the Pacific Coast and Southeast Asia. The Soviet Union on the other hand has equal if not greater interests in Europe and the Middle East; the greater opportunities for the expansion of national influence and the more acute threats to her industrial and military complex lie in the belt running from Iran to Finland (the chief aerial threat actually comes from across the polar regions). Because of these factors, the Soviet Union must take a vital interest in European and Middle Eastern as well as Asian problems. Communist China, on the other hand need not be directly concerned with the solution of European and Middle Eastern problems, except to the degree that participation in their consideration would tend to give her increased stature as a world power.

THE DEVELOPING CHINESE COMMUNIST ORBIT

13. That the USSR recognizes Communist China as having the primary responsibilities for military protection of the orbit in Asia is indicated, among other things, by the recent Soviet build-up of China as "the Asian power". China is also recognized to have a powerful voice in the economic polities [*policies*] of the Far Eastern part of the Communist orbit. It continues to be a moot point, however, whether Moscow views the outward flow of Peiping's power into the peripheral Communist parties and against the free countries of Asia as entirely in Soviet interest.

14. Recent events show that Peiping is becoming the center of Communist activity in Asia. There have been no open frictions up

to now, but both countries can't help but be aware that their Asian political and economic interests might diverge at some later time. The degree to which Soviet and Chinese Communist interests conflict in Southeast Asia is difficult to distinguish. Certainly Chinese strategic and historical interests in this area are paramount and apparently the Soviet leaders have been inclined to let the Chinese Communists take the center stage position there. The Soviet Union has never possessed a strong foothold in Southeast Asia, in terms of direct control of the Communist movements or its influence on the governments. It may feel that native forces favoring the spread of Communism may not favor direct control by Peiping. There are some few indications that Moscow fears complete exclusion of its own voice in Communist affairs in Southeast Asia.

15. Just as the Soviet Union looks on Eastern Europe as its sphere of influence, so probably does Communist China look on Southeast Asia as the most promising and proper place to carve out a sphere of influence. Communist China further stands to reap great advantage from promoting the concept of the Orient against the Occident for the immediate expulsion of white influence from the area. Such a course might win for her great popularity, prestige, and influence in Asia and might lead to her increased acceptance as unchallenged leader in Asia, whether or not the specific incident when such pressure were exerted should result in a further western retreat. To the Soviet Union, however, the advantages of further Communist expansion are outweighed by the possibility that any anti-white campaign could boomerang in developing an anti-Russian imperialism movement in Asia and arouse Asian interest in a separatist Asian Communist movement or in Asian Communist leadership on a largely Chinese base.

KOREA

16. During the Korean hostilities, Moscow and Peiping's common concern for the military and political security of the North Korean regime dictated a cooperative military effort and a division of responsibility as an emergency expedient. Moscow and Peiping's common interests will undoubtedly dictate continuing cooperation in the reconstruction of North Korea and in political negotiations with the West. The economic burden during this period will fall largely on the USSR because of Communist China's limited potential for aid and its own domestic requirements.

17. The large area of Sino-Soviet cooperation in Korea, however, should not obscure the underlying area of potentially conflicting Sino-Soviet interests. Conflicts may arise between the probable Soviet desire to maintain or reestablish its undisputed predominance in North Korea and the probable Chinese Communist desire

not to yield its newly gained role in Northeast Asia. It is unlikely that Peiping would willingly yield its influence in North Korea, paid for at heavy cost during the war and sanctioned by a centuries-old tradition of Chinese influence in Korea, particularly since a Korean political stalemate and even an uneasy peace could require continuing Chinese Communist military commitments for the defense of Korea. It is equally unlikely that Moscow would retreat from its role of control in Korea, except under extreme pressure.

18. It seems that at best and granting a maximum of strategic agreement between Moscow and Peiping, the Sino-Soviet relationship in Korea will be one of compromise and uneasy condominium. Problems in Sino-Soviet relations may arise from the presence in Korea of Chinese Communist troops, from possible competition between China and Korea for limited Soviet economic aid, from possible variations in Chinese and Soviet preferences in regard to tactics toward the West, and from possible friction between pro-Chinese and pro-Soviet cliques, in Korea.

JAPAN

19. Both the Soviet Union and Communist China have at this time a common interest in containing the expansionist tendencies of the Japanese, in gaining for themselves access to Japanese productive facilities and raw materials, and in preventing a firm alliance between Japan and the western powers. Future identification of interests, however, is less certain, particularly should a Communist or other leftist Japanese Government willing to cooperate with the Communist Bloc come to power. Control of the Japanese Communist Party and of that government would be an important, perhaps a vital factor in the internal balance of power in the Communist Bloc. There is some evidence that the two countries even now are preparing for that possibility.

THE PERIPHERAL AREAS OF CHINA

20. The Soviet Union, and before that the Russian Empire, long had an interest in the penetration and control of the peripheral areas of China, Sinkiang, Mongolia, Manchuria, and to a lesser extent even Tibet. Despite rather aggressive moves during the twenties and thirties, only Outer Mongolia came finally under full Soviet control. The Soviet Union has now publicly acknowledged complete Chinese Communist sovereignty over Sinkiang, Manchuria, and Tibet. Despite the presence of large numbers of Soviet technicians and advisers, Chinese influence in Manchuria appears to have asserted itself generally since 1949. Manchuria's raw materials, industrial capacity and strategic position are of immense importance and cannot be regarded with indifference either by China

or by the Soviet Union. On Sinkiang, evidence is scanty, but it appears that there has been no further extension of Soviet influence and that the Peking Government now exercises more effective control there than the National Government ever did. In the event of deterioration in Sino-Russian relations, Sinkiang might again become a point of friction. The Chinese Communists, superficially at least, appear to have political control of these areas. Intelligence on this question is scanty.

DOCTRINAL DIFFERENCES

21. It has now become an axiom in the Communist world that "the thought of Mao Tse-tung is the integration of the theory of Marxism-Leninism with the concrete experience of the Chinese Revolution". Mao Tse-tung is allowed by Soviet commentators a special position as exponent of Marxism-Leninism in the Chinese context. Mao's treatise "On New Democracy" (1940) was indeed put forward as a new Chinese contribution to the theory of Marxism-Leninism, but its ideas can be traced back to earlier orthodox pronouncements. Mao's originality appears in fact to lie more in the field of practical statesmanship than of doctrine. Nevertheless, his unique position among non-Soviet exponents of Marxism-Leninism is a potential cause of friction. Though it seems unlikely that Mao should have any idea of succeeding to Stalin's position in the world Communist movement, he may on doctrinal Marxism be less ready to accept the authority of Stalin's successors than he was to accept that of Stalin himself.

No. 184

790.5/2-2454: Telegram

The Secretary of State to the Embassy in the Republic of China

SECRET WASHINGTON, April 8, 1954—6:58 p.m.

823. Your 358 [1] and 476. [2] Department has decided not take any action before Geneva Conference with respect to proposed bilateral mutual security treaty with Chinese Government. Available time for necessary careful consideration of matter with key Congressional leaders is insufficient. Decision is without prejudice to later consideration of question.

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[1] Document 161.
[2] Document 172.

Robertson informed Chinese Ambassador to this effect April 7. [3] You are authorized communicate decision to Foreign Minister.

DULLES

[3] Recorded in a memorandum of conversation by McConaughy. (396.1 GE/ 4–754)

No. 185

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 193d Meeting of the National Security Council, Washington, April 13, 1954 [1]

[Extracts]

TOP SECRET EYES ONLY

Present at the 193rd Meeting of the Council were the President of the United States, presiding; the Vice President of the United States; the Acting Secretary of State; the Secretary of Defense; the Acting Director, Foreign Operations Administration; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Attorney General (for Items 1 and 2); the Director, Bureau of the Budget; the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; the Assistant to the President; Mr. Cutler, Special Assistant to the President; the White House Staff Secretary; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

The following is a summary of the discussion at the meeting and the main points taken.

. . . . . .

3. U.S. Strategy for Developing a Position of Military Strength in the Far East (NSC 5416) [2]

Mr. Cutler summarized the content of the JCS report, and noted the recommendation that it be transmitted to the Planning Board for preparation of a comprehensive report on the Far East. He expressed the opinion that the JCS report went a little further in some respects than the courses of action set forth in the agreed policy papers on the various countries and regions of Asia. He then invited Admiral Radford to comment on the JCS report.

Admiral Radford noted that there were two great difficulties in the way of formulating a comprehensive U.S. policy for the Far

[1] Drafted by Gleason on Apr. 14.

[2] NSC 5416 consists of a memorandum of Apr. 10 from Wilson to Lay and a memorandum of Apr. 9 from the Joint Chiefs of Staff to Wilson; for the text of both, see vol. XII, Part 1, p. 411.

East. The first of these was the virtual impossibility of developing a regional defense organization which would include all the non-Communist nations of Asia. The second great obstacle was Japan, which had not yet been received back into the Asian community of nations. Also, we must realize that in the long run Japan was going to look out for itself. It will not remain an ally of the United States for any sentimental reason. There was danger, therefore, that if a rearmed Japan became too strong, she might in her own self-interest shift to the other side. Accordingly, certain restraints on Japanese rearmament were obviously necessary, particularly in the sphere of offensive armament in the Air Force and Navy. Quite a lively discussion had developed on this subject in the course of the formulation of the present report. The Joint Strategic Survey Committee, unlike the Chiefs themselves, had gone all out for Japanese rearmament. The Australians likewise were opposed to too rapid and strong a revival of Japanese military power. They wished to see a Japan strong enough to participate in joint action for the defense of Asia, but not strong enough to permit unilateral action against an Asian country.

The President inquired, apropos of the objective of splitting Peiping from Moscow, whether the Joint Chiefs of Staff had developed any views as to the efficacy of certain kinds of trade as a means of straining the existing relationship between Communist China and the Soviet Union. The reason he asked this question, continued the President, was that if the Joint Chiefs of Staff, instead of the Foreign Operations Administration, went to Congress and argued the case for trade as a means of weakening the bonds between Soviet Russia and Communist China, it might be possible to get somewhere in the use of this weapon. Congress would not be in a position to call this a give-away program, as it always does when State and FOA argue the thesis. The trouble was that so many members of Congress want to crucify anyone who argues in favor of permitting any kind of trade between the free nations and Communist China. On the other hand, the President could discern no other effective means of weakening the tie between these two nations. Admiral Radford pointed out that the objective of splitting China away from Russia was of course a very long-range objective.

Secretary Humphrey asked whether we had sufficient information available to determine whether China was better off or worse off under its Communist regime. Admiral Radford replied that the Chinese masses were certainly no better off and might be worse off. There was evidence of severe famine in various parts of China, while the Chinese government was actually exporting food in order to secure the wherewithal to advance its industrialization. Admiral Radford thought we got pretty good information on the condition of

the people of China out of Hong Kong, and concluded that while the condition of the masses throughout the country had probably changed but little, the population in the cities was a good deal worse off.

Mr. Allen Dulles expressed the opinion that the Communists had achieved greater success in the maintenance of public order, but that otherwise he was inclined to agree with Admiral Radford's statement.

Secretary Humphrey said that he had put his original question with a view to formulating the basis for a long-term United States policy toward Communist China. If we estimated that the Chinese Communist regime was there to stay, we would be well advised to give up the effort to destroy this regime and concentrate instead on trying to separate it from the Soviet Union.

Secretary Wilson said that he had the feeling that this whole discussion was not very realistic. We ought to sit down and list the various pressures and frictions that interfere with the smooth relationship between Russia and China, and then estimate in each case what we could do to capitalize on these pressures. But the problem was terribly complicated because we were at one and the same time engaged in virtual hostilities with China and discussing, at least, the desirability of trading with the Chinese. This made no sense to him.

Secretary Humphrey reiterated his opinion that the initial decision by the United States was whether we wanted to set up the Chinese Communist regime or knock it down.

The President indicated some impatience with Secretary Wilson's criticism of the view that trading with the Chinese would be advantageous, and said he was not talking about the government but about the people of China. If we opened up trade the whole population of China would benefit and might actually be induced to upset the ruling Communist clique. Accordingly, the President said, let's start a traffic of all the goods and commodities which appeal to the ordinary Chinese. We can sell the Chinese things that the Russians are in no position to sell them. To do so, said the President with great emphasis, was good psychological warfare, and if we don't get down and explore this possibility in the greatest detail we would not be doing our duty.

Mr. Dulles stated that the CIA had under study a report on ways and means of creating and exploiting friction between China and Russia. [3] This report would be ready soon. The President said that this was precisely what he meant and what he wanted as a means of breaking China and the other satellites away from their depend-

[3] No such report has been found in Department of State files.

ence on the Soviet Union. To send them supplies of food and clothing would be a very good means.

Secretary Wilson repeated his inability to understand the direction of the President's argument, although he could understand it if we weren't at the same time refusing to recognize Communist China, refusing to admit China to the UN, and supporting Chiang Kai-shek, and indirectly waging war against Communist China.

With considerable heat, the President replied to Secretary Wilson that his argument was made in the context of peoples, not governments. He was insisting upon some way of reaching the mass of the Chinese people. We would be lacking in imagination if we could not devise some method of doing this.

Mr. Cutler then pointed out that the Planning Board believed that, in its forthcoming comprehensive report on a Far Eastern policy, India should likewise be included. Admiral Radford, however, said that India was a problem by itself, and its inclusion would complicate the formulation of the Far Eastern policy. The President agreed with Admiral Radford, and Secretary Wilson said that the President's ideas on trade would work much better in India than in China.

The Vice President commented that the United States had not recognized the Soviet Union until 1937 [*1933*], but had nevertheless done a lot of trading with Soviet Russia. While he believed it was impossible for the United States to recognize Communist China now, he could see no reason not to expand trade with Communist China as a negotiating point. It was necessary to be calculating and hard-boiled. If we did not make use of trade as a negotiating point with the Chinese Communists, what do we have to use? If and when Communist China clearly abandons her present aggressive policies, a hardheaded study should be made as to whether or not trade should be opened up. Certainly the time had come to sit down and determine under what conditions, what level of trade, would best serve the interests of the United States vis-à-vis Communist China.

Secretary Wilson said that there was, of course, yet another problem. How can the United States or other free nations trade with a Communist country whose government controls all commercial transactions? The President replied that he would let the Chinese junks sail over to Japan and fill up with everything they could buy. That's the best way to influence the Chinese people against their Communist government. Secretary Wilson replied that in his opinion these Chinese Communist traders would buy from Japan just exactly those materials and commodities which would do the most to advance Communist China's war potential.

This was the aspect of trade with Communist China which particularly worried the Joint Chiefs of Staff.

Secretary Humphrey said that he could easily see how we might do things which would wean the Chinese people away from their government or even wean the Chinese Communist leaders away from Moscow. He did not see, however, how we could undertake to make use of these measures until, to repeat, we decided whether we proposed to live with the Chinese Communist government or to bring it down. If we decided to live with the Chinese Communists we would have to abandon the Chinese Nationalists.

Mr. Cutler stated that he would provide guidance to the Planning Board from the Council's discussion of the JCS report and would see what the Planning Board could come up with.

The National Security Council: [4]

a. Discussed the subject on the basis of the reference report by the Department of Defense.

b. Referred NSC 5416 to the NSC Planning Board for the preparation of a comprehensive statement of policy on the subject for early Council consideration.

. . . . . .

S. EVERETT GLEASON

[4] The lettered subparagraphs constitute NSC Action No. 1091. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the National Security Council, 1954")

No. 186

Rankin files, lot 66 D 84

The Ambassador in the Republic of China (Rankin) to the Deputy Operations Coordinator (Berry) in the Office of the Under Secretary of State

SECRET
OFFICIAL–INFORMAL

TAIPEI, April 21, 1954.

DEAR DICK: I gather from Drumright's letter of March 30, 1954,[1] that either you or Bob Strong [2] had a hand in preparing it. The careful consideration given to mine of February 20 is much appreciated. Lest that letter be misunderstood in certain particulars, however, I shall pursue three points in the paragraphs below.

. . . . . .

[1] Not found in Department of State files.

[2] Robert C. Strong, a member of the Policy Planning Staff, had been Rankin's predecessor as Chargé in Taipei 1949–1950.

Other than for very recent instructions to hold everything for the present, [3] MAAG has no adequate directive on how to handle the "guerrillas" or the interdiction of maritime traffic. Moreover, I understand that serious differences of opinion exist in Washington among the Army, Navy . . . as to the implementation of the Executive Order, [4] which is very brief—simply an enabling order. I had hoped that the Department would be in on these discussions, since the general manner of implementation involves policy scarcely less than the basic principle itself.

I agree that the Chinese Reds are unlikely to act against Formosa except on their own timetable, but the offshore islands lie outside our announced defense perimeter. These islands undoubtedly are on their list for conquest, and the date may be subject to determination in the light of future events. In any case, it is almost certain that the offshore islands are ahead of Formosa on the list. As matters stand today the Communists can take all of those islands if they wish, unless we are prepared to help defend certain of them, which are of particular importance, with U.S. naval and air forces. Are we prepared to do this, or shall we simply dare the Communists to attack them and risk their loss in the near future, with consequent damage to the defenses of Formosa and serious loss of face by both Free China and the United States?

. . . . . .

The third and final point relates to the distinction drawn in Drumright's letter between things being known but not being susceptible of proof. This would apply under certain circumstances, but hardly to most of the projects we have been discussing. The significant factor in most of these cases is what people *believe*. For example, I have good reason to assume that the Generalissimo believes the worst about the second group of two projects mentioned in the previous paragraph. Yet he is unlikely to attempt public proof of his beliefs, and neither are we likely to seek an opportunity to disillusion him. Moreover, Americans in general are so little

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[3] Telegram 011537Z from Chief of Naval Operations to CINCPAC, Apr. 1, 1954, recommended that CINCPAC base his budgetary planning for support of Chinese Nationalist coastal raids on the basis of training and support of one raid of company or battalion strength per month and one raid of half division strength per quarter but also stated:

"However it is not desired that raids be currently conducted in the magnitude and frequency listed above. Our understanding is that a greatly reduced tempo now exists and it is not desired to materially increase this tempo until receipt of broad policy guidance." (JCS records, CCS 385 (6-4-46) Sec. 81)

The Joint Chiefs of Staff were informed of the instruction to CINCPAC in a memorandum of Mar. 31 from the Chief of Naval Operations. (JCS 1735/224, JSC records, CCS 385 (6-4-46) Sec. 81)

[4] Reference is to Executive Order 10483 establishing the Operations Coordinating Board; for text, see Department of State *Bulletin*, Sept. 28, 1953, p. 421.

security minded that things so obvious to everyone out here as to require no proof still are imagined by some to be deep secrets.

Returning to my main point, I realize that a chain of small islands along the Chekiang and Fukien coasts may seem unimportant today in comparison to Indochina and Korea. But they are a part of the same picture, and we in Formosa regard them as having considerable significance for good or ill. If the matter were entirely in the hands of Admiral Radford, and he had sufficient time to devote to it, I should be quite content. He is fully cognizant of the problems involved and I believe that he and I would agree as to the best course. However, we are about to take the matter out of the hands of one agency and divide it among three (Army, Navy . . .) with no apparent agreement among them as to what our practical policies should be. It seems to me that the Department and the Embassy have certain policy coordination responsibilities under such circumstances.

Everything is fine here in Taipei, and representatives of all of the agencies concerned are in general agreement as to how things should be handled. But we should not want the American effort to be handicapped in certain cases by more emphasis on security, in a technical sense, than on substance.

Best regards.

Sincerely yours,

K. L. RANKIN

No. 187

396.1 GE/5-654: Telegram

The Under Secretary of State (Smith) to the Department of State [1]

SECRET GENEVA, May 6, 1954—7 p.m.

Secto 122. Department pass Defense. Subject of Tosec 74 [2] discussed with Trevelyan UK delegation. He suggested approach to Chinese Communists at Geneva be made through IRC (Secto 104) [3]

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[1] Repeated for information to London, Seoul, and Tokyo for CINCUNC. Under Secretary Smith was at this time heading the U.S. Delegation at the Geneva Conference.

[2] Tosec 74 to Geneva, May 4, concerned the possibility of an informal British approach to the Chinese Delegation at Geneva, to be coordinated with a planned British approach in Peking, regarding the UN Command personnel still not accounted for. (396.1 GE/4-3054)

[3] Section 104 from Geneva, May 5, reported that the delegation proposed to accept an offer made by representatives of the International Red Cross to take up with the Chinese Delegation the question of U.S. nationals detained in China, including UN Command personnel, other U.S. military personnel, and civilians. (396.1 GE/5-554)

in coordination with UK approach at Pei-ping. Stressing his personal view only, Trevelyan emphasized his reluctance deal with Chinese Communists here except on British commonwealth personnel due presence representatives rest of 16 Geneva.

We propose using approach suggested by Trevelyan and need urgently by air pouch four copies list all unaccounted for UNC personnel being made available UK for transmittal Communists Peiping. While we agree IRC approach here should be substantively along same lines as British note Peiping suggest IRC approach be made as soon as list received here rather than delayed several weeks presumably necessary transmittal list through British at Peiping. [4] Trevelyan agrees our view IRC approach on civilians should be handled separately.

SMITH

[4] Tosec 105 to Geneva, May 8, approved the proposed International Red Cross approach but stated that, to avoid duplication, it should be a general representation without submission of detailed lists. An unnumbered Section from Geneva, May 12, reported that U. Alexis Johnson had discussed the subject with IRC officials and that the delegation did not plan any further diplomatic measures with respect to UN Command personnel. (396.1 GE/5–654 and 396.1 GE/5–1254)

No. 188

793.022/5–1154: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

SECRET

TAIPEI, May 11, 1954—6 p.m.

614. Department pass CINCPAC. On invitation of Foreign Minister I accompanied him in visits to Kinmen and Tachen Islands May 4–6. President Chiang returned from short visit to Tachen yesterday. Current Chinese interest in off-shore islands stimulated by beginning of "invasion season" and Army reorganization plans which include replacement of ill-equipped under-strength units on Kinmen and Matsu with MDAP-equipped and MAAG-trained divisions as was done last year on Tachen.

Yesterday Foreign Minister revived proposal made in memo of July 20, 1953 (Embassy telegram 51, July 22, 1953) and rejected in Department's 90, August 6 [1] that as "psychological deterrent" to enemy US should make public statement to effect "Seventh Fleet is continuing and strengthening its patrols and surveillance of waters surrounding islands along Chekiang-Fukien coast which are held

[1] Not printed. (793.00/8–653)

by Chinese Government Forces, or by (other) friendly elements, view significance of these islands to defense of Taiwan and Pescadores." Chinese believe Communists are convinced US intends take no action whatever happens to these islands. While understanding American reluctance assume any formal commitment to participate in their defense, Chinese believe statement along above lines would have healthy effect.

My impressions during above visits included following:

1. Forces on both Kinmen and Tachen seem competently commanded but situation on latter clearly demonstrated superior results of MAAG training and advice.
2. Neither position can be made impregnable and both would be difficult to reinforce or supply during hostilities. This suggests size of forces and amount of equipment should be limited to rendering them "hard nuts to crack" without risking unnecessarily large losses. Present strength on Tachen, which is naturally strong, probably is about right, while improved defense dispositions on Kinmen might permit reduction in present large garrison there.
3. While air support for Kinmen and Matsu could be provided from Formosa, Tachen being nearly twice as far away and close to enemy air bases can expect little assistance in air. No satisfactory location for operational airstrip exists on or near Tachen.
4. Psychological and intelligence gathering advantages of these islands may be even more important than their strictly military value. Radar stations located on these islands make them extremely valuable to the defense of Formosa and the Pescadores as part of early warning system.

RANKIN

No. 189

396.1 GE/5–554: Telegram

The Secretary of State to the United States Delegation at the Geneva Conference

CONFIDENTIAL WASHINGTON, May 13, 1954—3:08 p.m.

Tosec 151. Reference Secto 104. [1] Interdepartmental committee agreed Tuesday [2] recommend Attorney General reappraise all

[1] Secto 104 (see footnote 3, Document 187) also commented that the Chinese would probably react to the proposed IRC approach concerning U.S. civilians by raising the question of Chinese detained in the United States. Secto 88 from Geneva, May 4, reported that Huang Hua, adviser and spokesman for the Chinese Delegation, had told a reporter that the Americans imprisoned in China "were being held hostage for the fifty Chinese students that the US would not allow to be returned to China." (396.1 GE/5–454)

[2] May 11.

cases Chinese (now mostly teaching colleges or working private labs) detained United States by individual administrative orders, using criterion future detention only if return to Communist China would substantially injure defense United States. Recommendation predicated on assumption that release of Chinese will obtain release American citizens held Communist China. Appears likely Attorney General will agree and start necessary procedures at once.

Preliminary survey indicates most detainees will be allowed return after reappraisal, 8 to 10 repeatedly attempted obtain exit permits. Sentiments others unknown. Canvass of their desires to start near future.

Defense participating in procedures and asks that Vice Admiral Davis [3] be informed of foregoing.

DULLES

[3] Davis was serving as a special adviser to the U.S. Delegation.

No. 190

396.1 GE/5–1754: Telegram

The Under Secretary of State (Smith) to the Department of State [1]

SECRET PRIORITY GENEVA, May 17, 1954—11 p.m.

Secto 242. Department pass Defense. Trevelyan called on United States delegate this afternoon and reported following results of morning conversation with Huan Hsiang [2] (Secto 221).[3]

1. All British nationals awaiting exit permits will be granted them.

2. Trial of Ford, one of two British nationals in prison, will be expedited and early release expected. Communists have promised obtain information on other prisoner whom Trevelyan described as "deserter" and whereabouts unknown.

3. Agreed British managers of British firms can be replaced with Chinese and former will then get exit permits.

4. Communists have agreed to other requests related to British firms, including some which they had previously refused repeatedly. However, no progress made on question of united sugar [*U.S.*] dollar liabilities of British banks. (Trevelyan said this matter being taken up with Department through London.)

[1] Repeated for information to London and Hong Kong.

[2] Director of the Department of West European and African Affairs in the Ministry of Foreign Affairs, People's Republic of China, and an adviser to the Chinese Delegation at Geneva.

[3] Secto 221 from Geneva, May 15, reported a conversation with Trevelyan about his negotiations with Huan Hsiang regarding British nationals in China. (396.1 GE/5–1554)

5. As to Christian case, [4] which Trevelyan stressed, Huan said he in separate category because American. Queried as to policy towards Americans, Huan replied all Americans who have not violated laws free to leave but added there is also matter of Chinese detained in United States.

6. In response indication by Trevelyan that separate approach being made on missing UNC personnel including specified American Air Force personnel, Huan admitted Communists held American fliers but denied holding other POWs. Huan said Chinese had perfect right hold fliers since they had "violated Chinese air space". Not clear whether "American fliers" included Navy and Coast Guard personnel downed off Swatow. (Trevelyan requested no publicity be given this official admission holding fliers as Communists would immediately spot him as source and would prejudice his efforts behalf Americans.)

After reporting above conversation, Trevelyan, in contrast previous attitude (Secto 226) [5] stated he felt he might play useful role as intermediary on ground he responsible for United States interest in Communist China.

He also influenced by fact that Communist mention detained Chinese gives possible bargaining area. Trevelyan stated, however, that he could not undertake intermediary role unless United States prepared in principle allow detained Chinese freedom go where they [wish?], excluding of course those actually serving prison sentences for common crimes. He pointed out he cannot make demand on Peiping that Americans be allowed freedom go where they wish unless United States willing to reciprocate.

We told Trevelyan we appreciated offer and indicated we wished move ahead as soon as possible. Department will appreciate unusual and possibly transitory opportunity this offers to move ahead on problem of both American civilian and air force personnel.

Please confirm most urgently we may give Trevelyan assurance he requires.

SMITH

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[4] Reference is to an American employed by a British firm in China who had been unable to obtain an exit permit; Trevelyan had made representations, reported in Secto 221, concerning him and other employees of the firm.

[5] Secto 226 from Geneva, May 16, reported that, although Trevelyan had recommended direct U.S.-Chinese negotiations at Geneva concerning the U.S. nationals in China (reported in Secto 221), the delegation recommended that any approach to the Chinese should be made through an intermediary. (396.1 GE/5–1654)

No. 191

FE files, lot 55 D 480, "Communist China"

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Drumright) to the Deputy Under Secretary of State (Murphy)

CONFIDENTIAL [WASHINGTON,] May 17, 1954.

Subject: Certain Mainland Chinese Prevented from Departing From the United States.

Problem

United States administrative restrictions against the departure from this country of certain technically trained Chinese for Communist China are now believed to constitute a handicap in our efforts at Geneva to effect the release of Americans held in Communist China. Messages indicating this are attached as Tabs B, C and D. [1] Justice and Defense insist that no re-screening looking toward release of the Chinese will be undertaken unless the Department will promise to use the Chinese to bargain for the release of the Americans held in China on a strictly *quid pro quo* basis. FE is opposed to any such specific commitment by the Department and wishes Justice and Defense to proceed at once with the detailed survey necessary to establish the number of Chinese who wish to leave, and who can safely be allowed to depart. FE believes that it is not within the sphere of other Government Departments to dictate our diplomatic negotiating tactics.

Summary Discussion (Detailed discussion attached as Appendix A) [2]

The Department of Justice action was taken beginning in late 1950 on a temporary basis. In April 1952 the Interdepartmental Committee on Internal Security recommended that the Research and Development Board of the Department of Defense decide which of the prospective detainees possessed training which made their departure dangerous to United States security. A net total of 120 were detained under this procedure and are still in this country. However, it now seems that very few if any of these Chinese are of such unusual scientific or technical stature that their work in Communist China would prejudice the security of the United States.

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[1] None attached to the source text, but listed as Sectos 88, 104, and 233. The first two are cited in footnote 1, Document 189; Secto 233 from Geneva, May 17, in file 396.1 GE/5–1754.

[2] Not printed.

The Department is under urgent obligation, as well as strong, continuous pressure from relatives, friends, church organizations, the press and Congress to bring about the release of Americans held against their will in Communist China, some of whom have been in jail for three or four years. Thus far repeated diplomatic efforts to assist the detained Americans have not yielded direct results. It is felt that the United States detention of Chinese constitutes a serious handicap in dealing with the Communists for the release of the Americans. It gives a semblance of plausibility to the Chinese Communists contention that we are holding Chinese nationals without legal sanction and are guilty of the offense which we charge to them. The attitude of the Attorney General, who was consulted personally after the ICIS last week approved a re-examination of the criteria for holding the Chinese, was that he could not cooperate in the necessary procedures unless the Department declared it would agree that its policy was that no Chinese would be released except in direct exchange for Americans, and furthermore ascertain from the Chinese Communists that they are disposed to bargain on this basis. Thus he is introducing a new consideration unrelated to the original legal basis for holding these Chinese.

While some sort of barter proposal is remotely possible, the delegation at Geneva obviously cannot be tied down in advance to negotiate on such a basis only. It is dubious morally and legally, unnecessarily restricts the operations of our delegation which is already handicapped in dealing with this issue, and might worsen rather than improve the prospects of the detained Americans.

Recommendation

That the Attorney General and the Acting Secretary of Defense be requested by telephone to approve and expedite the recommended reexamination of the Chinese detainees, without prescribing conditions as to the Department's use of these detainees in its negotiations for the release of the detained Americans. [3]

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[3] A letter of May 28 from Murphy to Attorney General Herbert Brownell, Jr., requested that the Department of Justice reexamine the records of the detained Chinese and that the Immigration and Naturalization Service conduct a survey to determine which of them still wished to return to China. The letter has not been found in Department of State files but is cited in a letter of June 2 from Assistant Attorney General Warren Olney III to Murphy stating that the reexamination and survey were both under way. (211.9311/6–254)

No. 192

396.1 GE/5–1854: Telegram

The Under Secretary of State (Smith) to the Department of State

SECRET PRIORITY GENEVA, May 18, 1954—3 p.m.

Secto 249. Department pass Defense. Trevelyan called on USDel this morning at our request to discuss tactics on best approach to Chinese Communist delegation re detained Americans. We authorized him to make immediate approach along following lines: Pegging inquiry on Huan Hsiang's reference Chinese detained in US (Secto 242), [1] Trevelyan will state he has reason believe US might be flexible on this matter and inquire what Chinese Communist attitude towards detained Americans would be if US willing allow Chinese in US freedom return home.

Such approach does not commit US on detained Chinese but should give indication extent to which Chinese Communists willing negotiate this subject. We stressed with Trevelyan that inquiry as to Communist attitude re detained Americans should include specific reference to fliers they acknowledge holding.

Duplicate copies lists detained Americans in following categories given Trevelyan for his information and use in latter stage his negotiation: (a) 32 imprisoned Americans; (b) 3 missing Dominican priests presumed under arrest Foochow; (c) Americans unable obtain exit permits; (d) 18 US Air Force personnel believed Chinese Communist custody and (e) 11 US Navy and Coast Guard personnel missing off Swatow.

While Trevelyan authorized proceed immediately on basis outlined first paragraph, assurances requested Secto 242 needed before negotiations can be carried beyond this stage.

SMITH

[1] Document 190.

No. 193

Secretary's Memoranda of Conversation, lot 64 D 199

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy) [1]

SECRET [WASHINGTON,] May 19, 1954.

Subject: Security Situation in Southeast Asia and the Pacific.

Participants: Dr. Wellington V. Koo, Chinese Ambassador
The Secretary of State
Walter P. McConaughy, Director for Chinese Affairs

Dr. Wellington Koo called at his own request. He said that he wished to discuss a matter which was very close to the heart of his Government, namely, the prospect for the negotiation of a bilateral security pact between the United States and the Chinese Government. He recalled that preliminary discussions had been initiated several weeks ago, between his Foreign Office and the American Embassy in Taipei. Also, he had discussed the subject briefly with Mr. Robertson and Mr. Drumright. He understood that consideration of the matter had been suspended by the Department early in April because of insufficient time to go into the matter thoroughly before the Geneva Conference opened. He did not know whether the Secretary had had an opportunity to give the matter further consideration since his return from Geneva.

The Secretary said that he and his associates had indeed given the matter very thorough consideration and were continuing to do so. They had been troubled by certain difficulties which to date had not been resolved. It is not a simple matter to negotiate a security pact with a country which is actually carrying on military operations. The United States Government does not want to hamper the operations of the Chinese Government against the Chinese Communists. At the same time this Government is not prepared to assume treaty obligations the terms of which might bring about its direct involvement. There is a real problem in working out language which would preserve Chinese freedom of action against the Chinese Communists without committing the United States to a possible course of action which might not then be in the best general interest.

The Secretary said that a difficult problem had also existed in Korea, where this Government was willing to assume a commitment to come to the defense of the territory controlled by the Re-

[1] A handwritten note on the source text indicates that it was approved by Secretary Dulles.

public of Korea, but did not wish to encourage an invasion attempt by President Rhee which might provoke a North Korean counterattack which might force us into hostilities in order to throw the Communists out of South Korea. The Secretary pointed out that the mutual security treaty with Korea was not concluded until after the signature of the Armistice Agreement of July, 1953. The Secretary read to the Ambassador that portion of Article III of the Korean Treaty which referred to "territories now under their respective administrative control, or hereafter recognized by one of the Parties as lawfully brought under the administrative control of the other". He remarked that "lawfully" implied "peacefully". The Secretary said in a humorous vein that in the absence of an Armistice Agreement between the Chinese Government and the Chinese Communists, the situation as to China was not analogous to that in Korea. As long as the Korean Armistice was observed, we wanted to restrain Syngman Rhee from engaging in hostilities. But there was a state of running warfare between the recognized Chinese Government and the Chinese Communist regime which neither the United States Government nor the Chinese Government wanted to stop. We are in the position of wanting neither to check Chinese operations against the mainland Communists nor to get directly involved ourselves in those operations. It was feared that a mutual security pact might have one of these undesirable effects. The Secretary thought that there might be a prospect that the current situation would develop to our mutual advantage and that possibly the present arrangement should not be modified.

The Ambassador asked if we could not devise some language which would circumvent the difficulty the Secretary had described? He remarked that the proposed pact would of course be defensive in nature. He thought the defensive aspect could be made clear.

The Secretary was doubtful whether this could readily be done. The Secretary pointed out that it was difficult to justify a purely defensive pact when one of the parties by tacit agreement in effect was carrying on offensive operations. Both parties needed freedom from rigid treaty obligations in such a situation.

[Here follows discussion concerning United States policy with regard to Southeast Asia and United States-British differences with regard to the Far East.]

The Ambassador asked if the principles the Secretary had enunciated as to a bilateral pact would apply also to Chinese participation in a multilateral pact?

The Secretary said he thought the principles would be the same. We do not want to include in a pact any country which is actually in a state of war. Nor do we want a pact the terms of which might inevitably require the United States to wage an unlimited war. The

Secretary said that we do not want to commit our military resources or prestige in the vast area of mainland China. He mentioned that even the Japanese had got themselves completely bogged down in the course of eight years of fighting in China. It was a big country, with a lot of people.

The Ambassador said that, as he understood it, the Secretary was not seeking a complete *system* of security arrangements for the Pacific area at this time, rather depending on *ad hoc* arrangements according to the particular current circumstances of the various countries of the area.

The Secretary confirmed that this was substantially correct. The *ad hoc* arrangement seemed to have more to recommend it. He said that we were rather disinclined to include in formal security pacts any country experiencing fluctuations in the area which is under its effective administrative control. We were not thinking in terms of a present showdown in unconditional surrender terms. Our immediate objectives would have to be limited.

A great deal of thought had been given within this Government to the situation and the prospects of the Chinese Government. It seemed best to make no change in the existing arrangements for the defense of Formosa since the situation is not stabilized. We are in a position where this fluidity needs to be retained. A formal security pact would tend to freeze the situation. The United States Government does not wish to commit itself to direct involvement in the struggle between the Chinese Government and the Chinese Communists, but on the other hand, it does not want to run the possible risk of seeming to limit by treaty the unquestioned freedom of the Chinese Government to carry on operations against the Chinese Communists. The United States Government does not want the Chinese Communists to be encouraged to believe from any Sino-U.S. treaty arrangements that they are immune from attack so long as they do not start an invasion of Formosa.

The Secretary pointed out that in Korea the situation had been stabilized by an Armistice before the Treaty came into effect. The Treaty could not be invoked through a breach of the Armistice by the Korean Government, since this would not be a lawful action. Since the Armistice had no termination date in the absence of a political agreement, it could be considered to be of indefinite duration. No initiative on the part of the Korean Government could oblige the United States to take military action under the treaty. However, in the case of China we wanted the Chinese Government to have the ability to exercise initiative against the Chinese Communists. We might want to help along that sort of initiative some day, but we would want complete latitude, not hampered by formal treaty obligations or restrictions.

The Ambassador remarked that since the situation was fluid, changing circumstances might lead to an altered situation. Might an altered situation make the prospect for a mutual security treaty more favorable?

The Secretary said that this might be the case.

[Here follows further discussion relating to Southeast Asia, particularly Indochina.]

As the Ambassador arose to leave the Secretary said that he wanted to assure the Ambassador that the interest of the Chinese Government in additional security arrangements by treaty would be borne in mind, and that the situation and the needs of the Chinese Government were viewed with utmost sympathy here. There was certainly no lack of interest on our part in the effective defense of the territory under control of the Chinese Government, but we do not want to freeze the present situation or indicate by any treaty action that we are accepting the present status.

The Ambassador asked if it would be correct to say that the entire mutual security treaty problem is under study and that the situation will continue to be reviewed in the light of the current situation as it develops?

The Secretary said he thought that this was a correct statement.

No. 194

793.022/5-2054: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State [1]

SECRET TAIPEI, May 20, 1954—1 p.m.

633. Geneva's 2 repeated Department Secto 246. [2] Factual summary of developments reported by MAAG, . . . and to Embassy Attachés by Chinese Minister of National Defense follows:

Chinese Communists numbering about one regiment occupied group of small islands (Kin-Men, Tien-Tao, Tou-Men, Shih-Tan) lying between Ta-Chen and U-Shan without opposition (no regular troops on any of these islands) night of May 15 and have established antiaircraft positions. A few other small Nationalist-held islands farther south in same area have been under Communist artillery fire. Yu-Shan now isolated and Nationalist troops may be

[1] Also sent to Geneva.

[2] Telegram 2 to Taipei, May 18, requested a summary and appraisal of recent military developments along the east China coast. (793.00/5–1854)

evacuated. Nationalist guerrilla dependents to be evacuated to Ta-Chen from all smaller outlying islands in area.

Beginning about May 10, built-up Communist military forces and increased military activity reported on mainland and Communist held islands adjacent to Ta-Chen—Yu-Shan, notably at Hai-Men, Sung-Men, and Yu-Huan. Large concentrations Communist naval craft reported in same area at Hai-Men and San-Men Key. Farther north, Communist plans reported active in Chou-Shan Island group.

Three Nationalist naval vessels engaged various Communist craft in area May 15 and 16 with result one Communist ship sunk, four damaged while two Nationalist destroyer escorts damaged and forced return to Formosa for repairs with 7 men wounded.

Chinese Air Force in public releases which have been officially confirmed to our Air Attaché relates following action in same general area: May 11—four CAF P-47s routed four Communist MIGs damaging one of latter; May 15—two CAF piston planes attacked and routed four MIGs; May 18—two CAF piston planes fought two MIGs damaging one of latter; May 18—undisclosed number of CAF piston planes bombed and sank 1500-ton Communist vessel, damaged and possibly sank 800-ton vessel, and strafed a number of others. End reported factual summary.

Comment: Naval action described paragraph 3 above supplied our Naval Attaché by Chinese Ministry National Defense and Navy Headquarters is at considerable variance with public press releases which stated May 16—seven Communist craft damaged and routed and May 17—lone Nationalist vessel engaged 10 Communist ships, sinking one, severely damaging seven others without damage or injury to Nationalist ships or personnel. Seems reasonable assume Chinese Air Force press releases may be equally exaggerated.

While Nationalist claims of Communist build-up and own successes in air and at sea probably exaggerated, nevertheless seems to be no question past few weeks have witnessed definite increase in Communist military activity along Chekiang coast from Lin-Hai to Wen-Chow, rendering Communists capable of launching amphibious assault againt Ta-Chen with air support. Generally agreed Communist purpose is:

(a) Isolate and possibly assault Ta-Chen, which is thorn in Communist side and will be much more difficult to support and supply with Communists in control of neighboring islands, and
(b) Test US reaction to aggressive moves against offshore islands. Subsidiary purpose is probably to dampen and detract from festivities attending inauguration President May 20.

For extended discussion of significance of Ta-Chen, defensive situation, and Chinese interest in US commitment to include Ta-Chen

within US defense perimeter, see *inter alia* Embassy despatch 46 July 24, 1953 [3] and Embassy telegram 614 May 11, 1954.

RANKIN

[3] See footnote 1, Document 127.

No. 195

396.1 GE/5-1854: Telegram

The Secretary of State to the United States Delegation at the Geneva Conference [1]

CONFIDENTIAL
PRIORITY

WASHINGTON, May 21, 1954—1:31 p.m.

Tosec 227. Re Secto 249. [2] You may inform Trevelyan that any Chinese Nationals whose departure from US now prevented by administrative order and who wish to return to Mainland China will be allowed to do so, subject to US laws and regulations governing departure of aliens.

For your information, following active consultations between Department, Justice, Defense, and Interdepartmental Committee on Internal Security, it has been ascertained that very few if any of the small number of Chinese who still wish to return to Mainland would have to be held on grounds that their departure would be detrimental to the security interests of the United States. It is desired that Trevelyan make as much of a bargaining point as possible out of the prospective release of the Chinese who wish to depart. The standards applied by Justice in judging individual cases may be influenced by prospects for release of Americans held by Chinese Communists.

DULLES

[1] Approved by Murphy. Repeated to Hong Kong and Taipei.
[2] Document 192.

No. 196

Eisenhower Library, Dulles papers, "Meetings with the President"

Memorandum of Conversation, by the Special Assistant to the President for National Security Affairs (Cutler) [1]

TOP SECRET [WASHINGTON,] May 22, 1954—9:15 a.m.

Present: The President, J.F. Dulles, A.W. Dulles, Anderson, [2] Radford, and Cutler

The first question taken up was the position of the US relative to Communist attacks on the island chains bordering the China Coast between Formosa and the mainland. The position of the US as publicly stated up to the present time has related to the defense of *Formosa,* and there has not been any specific reference to the outlying island chains. However, it is obviously implicit in the defense of Formosa to hold some of the outlying islands. To that end, the US has for some time been flying air patrols, particularly with reference to the islands in the various chains which are held by the ChiNats, and where there is some US personnel or radar installation. These visits are entirely proper, as the US has formally recognized Formosa and has publicly announced its position in regard thereto.

Intelligence estimates make clear that the Chinese Communists are massing considerable air and naval forces in East China, including US LST's (which fell into their hands when the ChiNats abandoned the mainland). It is estimated that it would take 25,000 ground troops to seize the Tachens group. If such an attack were made by Red China, the Tachens could not be held by the ChiNat forces without US air power for the purpose of destroying attacking amphibious craft and supporting Red Chinese aircraft.

The US has as yet no mutual security pact with Formosa. One reason for this is that the US has not wished publicly to make any declaration about the outlying island chains. (The Pescadores group has been dealt with differently, and as a part of Formosa.) The President seriously questioned any public statement as to the US attempting to try to hold any part of the outlying island chains, as too big a commitment of US prestige and forces. It was agreed that no such public statement should be made. Radford pointed out that some of the islands, like Chinmen, off Amoy, can be defended by the ChiNats from Formosa. He pointed out that the problem facing

[1] Sent to Dulles with a covering memorandum of May 24 from Cutler. A memorandum of the same conversation by Dulles is also in the Dulles papers, "Meetings with the President".

[2] Deputy Secretary of Defense Robert B. Anderson.

the US was rather a psychological one at this juncture. We would not wish the Reds to have any more victories in the Far East.

The President suggested that elements of the US Seventh Fleet, such as destroyers or light carriers and possibly a cruiser, visit the Tachens and other islands held by the ChiNats, make calls on these islands and perhaps stay for a few days. This show of US strength would make our position clear.

The question was then raised as to what would happen if our Fleet was attacked by the Reds. Radford pointed out that it might not be necessary to report such an attack. He said that our air patrols were quite frequently attacked, although they kept beyond the 20 mile limit, yet neither side had reported these events. He said that the Navy, if attacked, would of course defend itself.

The President made the point that the US was acting perfectly within its rights in having its armed forces visit territory occupied by a friendly power; that the US had publicly announced its position that it would defend Formosa; that it was merely routine to such defense (whether or not a public announcement had already been made) to defend also outlying islands, the loss of which would make the defense of Formosa much more difficult, or perhaps impossible. Some of these islands, with their radar stations and air fields, are really an integral part of the Formosa defense. He went on to say that we should not offensively attack the mainland of China in defending Formosa and the outlying islands, unless the security of our forces should require such an attack.

(As this matter seemed somewhat obscure to RC, we had a meeting outside the President's office later. The understanding arrived at in this matter was as follows:

If our Fleet on a patrolling mission, such as has been described, or if engaged in defending outlying islands against attack, was drawn into conflict with the Chinese enemy attacking such islands, our planes would not be justified in striking at targets on the Chinese Mainland. If, however, the Chinese Reds made an attack from the mainland on our carrier fleet, perhaps 100 or more miles at sea, then our security would permit us to follow such an attack in hot pursuit to the mainland bases.)

The President asked me to give him a memorandum to speak to the [Legislative] Leaders on Monday, May 24, [3] on this matter. He

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[3] The memorandum from Cutler to Eisenhower, dated May 24, not printed, is attached to the source text. One of the President's regular meetings with Congressional leaders was held on May 24; notes of the meeting, prepared by Assistant Staff Secretary L. Arthur Minnich, read in part as follows:

"The President told the Leaders he hoped they would be alert to the problems of the defense of Formosa and the outpost islands. He was not requesting any specific action of them at this point.

Continued

wants to speak of this in a casual way, as a recital of a continuance of action that we have been taking for some time,—that no new policy question is raised, that we are only continuing to take steps to protect Formosa and the necessary integral territories outlying Formosa. The Seventh Fleet would be continuing the mission which it has held to date. Of course, if the US Fleet, going where it has a right to go, is attacked by an enemy, it would defend itself. Radford pointed out that the Congress had tacitly approved of the defense of Formosa, and had appropriated money specifically for that purpose. The Secretary of State will mention to the bipartisan group when he speaks on the afternoon of May 24 [4] about this matter, making clear that no new question of policy is raised, and that he is merely bringing them up to date on developments in a continuing situation. The President also asked Secretary Anderson casually to mention the matter the next time he testifies before the Armed Services Committee.

[Here follows discussion pertaining to Guatemala.]

"Sen. Saltonstall asked what was involved—was it a matter of putting men on the islands? The President replied that it was not that at all. He recalled the Seventh Fleet order, and added that we are trying to protect the islands with the Seventh Fleet—not to establish bases. It was merely that if the question should arise, it would be good to give a 'matter of course' statement that the islands are part of the Formosa complex." (Supplementary Notes of Legislative Leadership Meeting, May 24, 1954, Eisenhower Library, Eisenhower papers, Whitman file)

[4] A memorandum by Dulles, dated May 24, of his meeting that day with a bipartisan group of House leaders, reads in part as follows: "I mentioned the responsibilities of the US and the position of the Nationalists on Formosa and the Pescadores and other offshore islands, indicating that certain eventualities might lead to the desirability of bolstering up these positions which we were attempting to defend." (Eisenhower Library, Dulles papers, "Indochina")

No. 197

751G.00/5-2354: Telegram

The Under Secretary of State (Smith) to the Department of State [1]

[Extracts]

TOP SECRET PRIORITY GENEVA, May 23, 1954—5 p.m.

Dulte 101. S/S limit distribution. At Molotov's invitation, Robertson, Phleger, Johnson, Reinhardt, [2] and I dined last night at his house. We were cordially received and the atmosphere during

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[1] Repeated for information to Moscow eyes only for the Ambassador. The full text of this telegram is printed in vol. XVI, p. 895.

[2] G. Frederick Reinhardt, Special Adviser to the U.S. Delegation at Geneva.

dinner was reminiscent of the days toward the end of the honeymoon period. After dinner Robertson and I were steered into a room with Molotov, Gromyko, [3] Zarubin, and Troyanovsky. [4] The others were, by clearly calculated arrangement, conducted into another room, where they could hear only snatches of our conversation. Molotov was completely relaxed, quite friendly, and objective.

. . . . . .

The conversation then passed to the subject of our general relationship, and via that, to China. I said that I believed, with regard to the Soviet Union, as I expected Mr. Molotov to believe with regard to the United States, that we genuinely desired peace. We had come, I hoped correctly, to think in the United States that although we went through periods of public name-calling, we could, in the last analysis, sit down at the conference table with the Soviet Union and work out some form of solution for our major problems. We did not have this same feeling about some of their associates; we had sensed a lack of restraint and an intransigence which caused us grave concern. Molotov looked up immediately at me and said China. I said yes, China. Well, he said, you must remember that China is still a very young country, and you must also remember that China is always going to be China, she is never going to be European. The Soviet Union, he went on, had worked out a relationship with Communist China. I should also remember that we had done a good many things to irritate Communist China and cause them difficulties. I replied that the Soviet Union and Communist China had one point in common, they had a common political ideology which made it easier for them to arrive at common understandings. We did not share that common ideology with Communist China. Molotov said that, in effect, we weren't the only ones that are worried, the Soviet Union would like to devote all of its time and resources to improving its internal situation, but from time to time events took place which made it necessary for them to realize that they would have to devote their attention and resources to matters outside their borders. He said China was only five years old and she also needed time to devote her attention and resources to her internal problems. I said that President Eisenhower believed in world trade but the Chinese made any contact impossible. He said there was a great deal in our attitude which gave the Soviets ground for serious thought. Here he groped for a word to imply hostility or aggressiveness without being discourteous. I supplied the word and said we sensed the same attitude in the Soviet Union. The question which concerned us both was war or peace,

[3] Andrey Andreyevich Gromyko, Soviet First Deputy Minister for Foreign Affairs.
[4] O. A. Troyanovsky, interpreter for the Soviet Delegation at Geneva.

and if there was any doubt in his mind as to the pacific intentions of the United States, I would demonstrate to him that they were unfounded. We had intervened in Korea as a result of deep-rooted moral principles. When we reversed the situation and the Chinese Communists intervened, we could have dealt with Communist China without difficulty had we been willing to go into general mobilization and use all of the resources at our disposal. We had not done so, and had taken thousands of casualties rather than commit the full prestige of the United States and possibly that of the Soviet Union in an issue which would have involved broadening the conflict and possibly brought on global war. I would remind him of the first official conversation that I had when I arrived in Moscow,[5] and suggested that when he returned he get out a memo of that conversation and re-read it. He said he recalled it. I then said that he would also recall that I told him at that time that there was a line beyond which compromise could not go; that we were willing to reach honorable compromise, but compromise was a two-way street and we would not abandon our principles. He replied in a perfectly friendly way that he understood, and again he said that China was a very young country. He also said, and this is very interesting, that it will become known some day that in the Korean matter the Soviet Union had acted as a restraining influence. He repeated that we had done some things to irritate Communist China. Robertson said that the Chinese Communists had done many things to irritate US, one illustration of which was the matter of American citizens and air force personnel, none guilty of any crimes, now imprisoned, and also those unable to get exit visas. Some of these people had died in prison, and they have been mistreated. Molotov obviously was completely informed in the matter. He at once replied that there were some Chinese students in the United States who had been unable to leave. Robertson said that this was correct, but they were neither imprisoned nor ill treated, and that under proper arrangements they could be permitted to go. Molotov said he saw no reason why a matter of this kind could not be very readily adjusted. I said that although the number involved was few, incidents like this made it almost impossible even to consider moving close toward an understanding. The American people reacted very strongly to what they considered unjust or inhumane treatment—that they would take hundreds of casualties, but that they would never abandon efforts to obtain the release of one single prisoner. Molotov again said that this should be easily

[5] For Smith's report of that conversation, which took place on Apr. 4, 1946, after his arrival in Moscow as U.S. Ambassador to the Soviet Union, see *Foreign Relations*, 1946, vol. VI, pp. 732–736.

resolved. He went on to say that the Soviet Union, along with US, had for a long time done all it could do to uphold Chiang Kai-shek, and had only abandoned him when further support became completely impracticable. Neither Robertson nor I felt there was any purpose in replying to this comment.

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SMITH

No. 198

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 199th Meeting of the National Security Council, Washington, May 27, 1954 [1]

TOP SECRET EYES ONLY

Present at the 199th meeting of the Council were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Acting Secretary of Defense; the Director, Foreign Operations Administration; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Attorney General (for Items 1 through 6); the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission (for Items 5 and 8); Assistants Attorney General Barnes and Rankin; Mr. Herbert Hoover, Jr., Department of State (for Item 2); the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; Mr. Robert Cutler, Special Assistant to the President; the Deputy Assistant to the President; Mr. Robert Amory, Jr., Central Intelligence Agency; the White House Staff Secretary; Mr. Bryce Harlow, Administrative Assistant to the President; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the chief points taken.

. . . . . .

4. Increased Communist Chinese Threat to the Tachen Islands

Mr. Allen Dulles briefed the Council, with the aid of a map, on the three groups of islands still held by the Chinese Nationalist Government and stretching north of Formosa along the Chinese coast. Some of the smaller and uninhabited islands had already fallen to the Communists, but the larger ones were still held by the rather strong Chinese Nationalist forces. It seemed plain that the Chinese Communists were making preparations for a possible attack on the Tachen Island group.

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[1] Drafted by Gleason on May 28.

Admiral Radford pointed out that it was the United States which last summer had persuaded Chiang Kai-shek to put a regular division, which had been trained by the U.S. and equipped with U.S. arms, in the Tachen Islands.

Mr. Cutler then read to the Council the President's authorization, made the previous Saturday, [2] with respect to the U.S. Seventh Fleet. The Council noted this action, and Admiral Radford stated that U.S. naval vessels were about to pay visits to the Tachen Islands as called for by the President's decision.

The National Security Council: [3]

a. Noted and discussed an oral briefing by the Director of Central Intelligence on the situation regarding the Tachen Islands, with particular reference to the increased Communist Chinese threat thereto.

b. Noted that the President had authorized elements of the U.S. Seventh Fleet, as a routine incident to their patrol of the Formosan area, to pay friendly visits to the Tachen Islands lying off the east coast of China, which are held by the Chinese Nationalist Government and are an integral part of the defense of Formosa, in order to make a show of strength that might deter the Chinese Communists from attacking these islands.

Note: The action in b above subsequently transmitted to the Secretary of Defense for implementation.

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S. EVERETT GLEASON

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[2] May 22.

[3] The lettered subparagraphs constitute NSC Action No. 1136. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the National Security Council, 1954") This action was amended by the National Security Council on June 3; see footnote 3, Document 207.

No. 199

396.1 GE/5–2754: Telegram

The Under Secretary of State (Smith) to the Department of State [1]

CONFIDENTIAL GENEVA, May 27, 1954—9 p.m.

Secto 324. Department pass Defense. Following is summary "record of conversation with Mr. Huan Hsiang" dated May 27 prepared by Trevelyan and given USDel this afternoon:

Huan Hsiang who raised subject himself said Chinese did not detain Americans which proved by fact there were 1,500 Americans in 1950 and only 80 now. About 30 in prison falling in 2 categories

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[1] Repeated for information to Hong Kong and London.

(a) those who had "committed crimes or were guilty of improper activities" and (b) "those who illegally entered China by sea or air and were detained for that reason." Not possible for Chinese release prisoners in either category; must be dealt with accordance Chinese law.

Huan said 5,000 or 6,000 Chinese students in US deprived of passports and not allowed return China. Difference between Americans detained China and Chinese in America was Americans detained because contravened law but Chinese in US had obeyed law. Chinese people "much incensed about wrongful policy US Government this matter."

Chinese delegation appreciates Trevelyan action raising matter on personal basis. However, there were US and Chinese delegations in Geneva; if US delegation approached them directly or introduced by Trevelyan they ready discuss matter further.

Trevelyan indicated Huan figures Chinese students not allowed leave US greatly exaggerated. According his information never exceded 120, many of whom now probably changed minds. Huan replied his figures based on US news agency report.

In reply question re status imprisoned Americans, Huan said a few had been sentenced, proceedings going on against others, and some cases investigations still being carried on. Huan could say nothing about air men shot down over China.

Trebelyan then asked whether Chinese Communist delegate would be willing if necessary to take matter further with him before discussion with American delegation. Huan replied they "could not say much more at the moment in present circumstances."

Trevelyan then made personal plea on behalf Christian handing Huan copy medical report and suggesting possibility treating case as if Christian were British subject due his long employment British company. Pointed out adverse publicity if Christian died in China. Huan replied would consider this request.

On basis foregoing conversation, which follows substantially same line taken by Huang Hua special press conference yesterday (Secto 315),[2] British feel further efforts act alone this matter would be unproductive and suggest member USDel accompany Trevelyan at next meeting. While we continue believe intermediary best means approach, choice now seems to be between direct negotiation or decision not to pursue matter further in Geneva.

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[2] Secto 315 from Geneva, May 27, transmitted a summary report of an "off-the-record" press conference held on May 26 by Huang Hua on this subject. (396.1 GE/5-2754)

Trevelyan expressed belief unlikely Communists would agree even in direct negotiation release any imprisoned Americans immediately. Best we could hope for would be speeding up of Communist judicial processes and eventual release "all but two or three." However he felt that those denied exit permits might receive them, provided in cases involving bank personnel, financial aspects satisfactorily arranged. As to air men and other military personnel in Communist China no indication what Communist attitude would be. Trevelyan said it would probably take months work out problem. He could carry on in Peiping if initial arrangements made here.

On balance we believe at least one meeting by one or two members USDel in company Trevelyan with Chinese Communists should take place in order ascertain whether any possibility exists obtaining release at least some Americans on reasonable basis. This connection would appreciate Department telegraphing soonest any factual information which would be useful in discussing fantastic Communist claim re detention 5,000 Chinese students. [3]

SMITH

[3] Information was sent in Tosec 286 to Geneva, May 28. (396.1 GE/5–2754) For the text of a statement issued on May 29 by the U.S. Delegation at Geneva, see Department of State *Bulletin*, June 21, 1954, pp. 949–950.

No. 200

396.1 GE/5–2754: Telegram

The Secretary of State to the United States Delegation at the Geneva Conference [1]

CONFIDENTIAL WASHINGTON, May 28, 1954—2:09 p.m.

Tosec 284. Secto 324. [2] It seems clear Chinese Communists are attempting, perhaps with British assistance, to use prisoner issue to bring about direct negotiations between us and Chinese Communists. I have doubts about desirability this course of action, which would probably be given large comment and play in Asia as step toward recognition. Therefore I suggest we should refrain from de-

[1] Drafted by McConaughy and Drumright; revised by Dulles. The last clause in the second sentence appears in Dulles' handwriting on a preliminary draft attached to the source text; the clause originally read, "which is not likely to produce results better than those obtainable by Trevelyan."

[2] *Supra.*

puting representative to negotiate with Chinese Communists—at least pending further efforts by Trevelyan.

DULLES

No. 201

396.1 GE/5-2854: Telegram

The Under Secretary of State (Smith) to the Department of State

CONFIDENTIAL NIACT GENEVA, May 28, 1954—7 p.m.

Secto 330. Reference Secto 324 [1] and previous on release Americans held by Chinese Communists. As in light Indochina negotiations possible climate for discussion this subject with Chinese Communists likely to deteriorate shortly, believe it important that if discussions to be undertaken they be held soonest. Have therefore authorized Trevelyan to ask for meeting with Chinese Communists for May 29 or May 31. Martin and Stelle will attend for US. If Department has any contrary view, request instructions immediately.

Presume Department will inform appropriate Congressional leaders as fact of meeting will undoubtedly become public immediately. Also would appreciate information requested last sentence Secto 324.

SMITH

[1] Document 199.

No. 202

790.00/5-2954: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

SECRET TAIPEI, May 29, 1954—noon.

649. Taipei's 640.[1] President Chiang asked me to see him last night in company with Van Fleet [2] and McNeil.[3] He returned im-

[1] Telegram 640 from Taipei, May 24, summarized views expressed by Chiang Kai-shek in several conversations between May 13 and 24 with Lt. Gen. James A. Van Fleet and Secretary of Defense Wilson. It reported that Chiang had urged a series of security pacts linking the United States and the Republic of China with Japan, the Republic of Korea, and the Philippines and had particularly urged the conclusion of a bilateral U.S.-Chinese security pact. (790.00/5-2454) For text of telegram 640, see vol. XII, Part 1, p. 511.

Continued

mediately to subject of proposed bilateral US–China security pact and evidenced great disappointment and disillusionment over what he understood to be present US position. After reviewing points made in referenced telegram he added following remarks:

1. Failure of Japanese to conquer China in eight years of warfare does not mean Nationalist landing on mainland would not succeed. Japanese in 1937 were far stronger militarily than Chinese Reds today and free China is now stronger than Nanking Government of that date. But Japanese were alien invaders while China in 1937 was strong in national unity and leadership as in free China today.
2. Political and moral factors have weight of 70 as compared with 30 for military considerations under present circumstances. China mainland was lost due in large part to withdrawal of US political and moral support.

Request this telegram and Embassy's 640 be shown to Van Fleet when he arrives in Washington about June 2.

RANKIN

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[2] Van Fleet was engaged in a mission to survey the military forces of Korea, Formosa, Japan, and the Philippines and related U.S. military assistance programs.

[3] Assistant Secretary of Defense (Comptroller) Wilfred J. McNeil participated in the Van Fleet Mission.

No. 203

396.1 GE/5–3054: Telegram

The Under Secretary of State (Smith) to the Department of State

CONFIDENTIAL GENEVA, May 30, 1954—11 a.m.

Secto 350. Reference Tosec 299. [1] Tosec 284 [2] apparently crossed Secto 330. [3] Present situation is no date yet agreed for meeting described Secto 330 and none will be set pending further instructions from Department. Discussed situation yesterday morning with Trevelyan in light Tosecs 284 and 299. Asked Trevelyan whether he could continue in role intermediary at Geneva. He replied in negative. He pointed out he, himself, had felt he should take matter somewhat further before considering direct negotiations between Chinese Communists and ourselves and specifically suggested this

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[1] Tosec 299 to Geneva, May 29, instructed the delegation that Martin and Stelle should not meet with the Chinese but that Trevelyan should be urged to make a maximum independent effort on behalf of the detained Americans. (396.1 GE/5–2954)

[2] Document 200.

[3] Document 201.

to Huan Hsiang who made clear further efforts by Trevelyan would be pointless.

As do not yet see possibility any other intermediary, choice now lies between abandoning efforts at Geneva obtain release Americans and proceeding with arrangements for at least one meeting US representatives in company Trevelyan with Chinese Communists. We fully recognize drawbacks holding meeting this sort but believe obvious humanitarian considerations involved and non-political nature subject would limit extent to which such meeting could be played as step towards recognition. Also if deemed desirable statement could be issued press after meeting specifically denying implications recognition.

In deciding question proceeding with direct negotiations believe following considerations are pertinent:

1. Result Huang Hua's special press conference (Secto 315)[4] press attention is focused question our willingness discuss this subject directly with Communists. Communists will make most their expressed willingness discuss subject with us, and if we refuse, will claim responsibility for lack of action on imprisoned Americans ours.

2. British feel if we willing discuss subject with Chinese Communists here will facilitate future efforts behalf Americans by Trevelvan in Peiping; contrary-wise refusal to meet here will probably prejudice Trevelyan's efforts Peiping.

3. Official acknowledgment by Communists they holding US civilian and military prisoners seems indicate they ready for first time negotiate subject. But they have indicated both to Trevelyan and through public statements conditions for negotiations are our willingness (a) hold direct discussions and (b) discuss also Chinese detained in US. Unless we hold at least one meeting with them and discuss question, Chinese in US as well as Americans in China, we will have no way knowing whether real opportunity exists obtain release substantial proportion Americans in China.

If Department authorizes direct negotiations, there remain questions of level of US representation and of timing of negotiations. As to first question, Trevelyan informed us yesterday morning Communists desire have names and ranks of US participants in proposed meeting. Communists will be careful their participants not higher ranking than US representatives. Trevelyan expressed opinion little value in meeting if Communist participants below rank "Department heads" who report directly Chou here. In view previous experience, Chinese Communists' obsession with "equal footing", we concur Trevelyan's estimate Communists would not consent meeting of Department head with Martin.

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[4] See footnote 2, Document 199.

Question level of US representation poses dilemma that higher the rank US representative, the better chance for obtaining action on detained Americans, while lower the rank, the better for us from political standpoint. Disadvantage of lower ranking representative not only that he would deal with low ranking Communist representative without authority, but also psychological reaction Communists would be adverse, lessening chances their taking approach seriously. Other hand high ranking representative would provide Communists with better opportunity for political exploitation of contact.

On balance we believe Robertson accompanied by Martin should represent US, insisting that Chinese representative be Chang Wentien, number two man Chinese delegation, Vice Minister and Ambassador to Moscow.

As to timing, believe meeting should take place as soon as possible, but stress again desirability consultation key members Congress in order reasons for, and purpose of, meeting fully understood in advance. This connection Trevelyan, whose presence at meeting we consider highly desirable view his responsibilities Peiping, anxious leave Geneva end of week for return his post.

We have specifically requested Trevelyan be present any meeting and he stated he is willing but will mention to Chinese at time meeting is arranged will not attend if Chinese object.

Request instruction soonest following Secretary's return.

SMITH

No. 204

Conference files, lot 60 D 627, CF 318

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Drumright) to the Secretary of State

CONFIDENTIAL [WASHINGTON,] May 31, 1954.

Subject: Proposed Direct Negotiations with Chinese Communists on Question of Imprisoned Americans.

Secto 350 [1] (attached) reports that Trevelyan feels unable to continue at Geneva his role of intermediary on the above issue. His stated reason is a Chinese Communist remark that further efforts by Trevelyan "would be pointless".

The foregoing development is the only new factor since your decision of last week not to authorize direct negotiations. In our view it

[1] *Supra.*

is not sufficient to justify a reversal of our position. It would seem that Trevelyan has given up very readily, and that our delegation has abandoned hope of prevailing on the British to persist in their efforts. It seems even more clear from Secto 350 that the Chinese, seemingly abetted by the British, are trying to get US to enter into direct negotiations with the Chinese Communists.

The high level meeting recommended in Secto 350 (Robertson with Chiang Wen-tien, Deputy Chief of the Chinese Communist delegation) would have more far-reaching implications than the lower level approach recommended earlier, as to (1) *de facto* recognition, (2) departure from our basic decision to discuss at Geneva only settlement of the Korean and Indochina questions with the Communist side, and (3) substitution of direct negotiations for third power representation of United States interests as to mainland China.

There is little reason to believe that the proposed meeting would improve the prospects of the detained Americans, particularly since we are not prepared to force the return to Communist China of Chinese students in this country. It now seems that no more than a dozen or so of the 5,400 Chinese students in this country have any desire to return to mainland China.

We may have difficulty in convincing the relatives of the imprisoned Americans that we have not been indifferent to their plight. But we would have greater difficulty in justifying an about-face on our oft-repeated stand against negotiating with the Chinese Communists as a central government on an issue not directly related to their aggression.

Recommendation

That you withhold the authorization requested in Secto 350 and instead instruct United States delegation to urge the Chief of the British delegation to instruct Trevelyan to continue and intensify his efforts as the representative of American interests in Communist China.

No. 205

Eisenhower Library, Hagerty papers

Extract From the Diary of James C. Hagerty, Press Secretary to the President

[WASHINGTON,] June 3, 1954.

Thursday, June 3, 1954

In at 8:15.

Talked with Foster Dulles at some length in the morning.[1] He had just received word from Bedell Smith in Geneva that the American Delegation wanted to enter into negotiations with the Chinese Reds on the question of the return of Americans, both military and civilian, presently held captive in China. Foster wanted to get my viewpoint on whether the negotiations between the United States and Red China would be construed here as the opening step toward diplomatic recognition of Red China. I said that the Chinese Reds, of course, would make a great claim that the start of talks on an official basis between the United States and themselves was such a first step.

I told Foster—and he seemed to agree with me—that (1) it would seem to me that the United States would have to take any step it possibly could to seek the return of Americans held captive in Red China; (2) that I did not see how the start of such a discussion could be construed as opening a negotiation for official diplomatic recognition; (3) that if he feared that might be the case, why didn't Bedell put out a statement from Geneva announcing that he was going to enter into such negotiations but that they could not be construed as diplomatic recognition. The Secretary thought well of these ideas and said he would most certainly recommend that such word was sent to Bedell.

. . . . . .

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[1] The conversation was recorded by Dulles' secretary, Phyllis D. Bernau, as follows:

"H. returned the Sec.'s call. The Sec. said we have a question and it has to be settled quickly. Should we negotiate at Geneva directly with the Chinese Communists for the return of Americans detained by the Chinese. It is largely a public relations question. We have been negotiating through the British, but the Chinese say they will not deal with them directly—they are trying to force us to deal with them directly. We have talked with them before as in Panmunjom. H. seemed to think it should be stated it does not imply recognition, and there is nothing more important than protecting American citizens. The Sec. said we will be open for criticism—H. thinks we could make a credit out of it." (Eisenhower Library, Dulles papers, "Telephone Conversations")

No. 206

293.1111/6-354: Telegram

The Secretary of State to the United States Delegation at the Geneva Conference [1]

CONFIDENTIAL
NIACT

WASHINGTON, June 3, 1954—10:50 a.m.

Tedul 152. From Secretary. Re Secto 350. [2]

1. I concur in your recommendation that a member of USDel Geneva accompany Trevelyan in at least one meeting with Chinese Communists re release Americans now in Chinese hands.

2. There are disadvantages in having Robertson, who is an Asst Secretary, represent U.S. in such a meeting. However, your point re level of representation is well taken and therefore I authorize Alexis Johnson (who is accredited to a Communist country and has had experience in negotiations with Chinese re Korea) to accompany Trevelyan.

3. Please keep us informed re date meeting will occur.

DULLES

[1] A note on the source text states that the telegram was sent at Dulles' direction; it was drafted by MacArthur.

[2] Document 203.

No. 207

S/P-NSC files, lot 61 D 167, "Formosa—NSC 146 Series"

Memorandum by the Secretary of State to the Special Assistant to the President for National Security Affairs (Cutler) [1]

TOP SECRET

WASHINGTON, June 3, 1954.

Subject: Revision of NSC Record of Action for 199th Meeting—May 27, 1954

Paragraph 1136b, [2] relating to the increased Communist Chinese threat to the Tachen Islands, should be revised to delete the words "and are an integral part of the defense of Formosa."

These words were intended merely to show the reason for U.S. interest in the Tachen Islands. They can be read, however, as making applicable to those Islands the present policy regarding the defense of Formosa, contained in NSC 146/2 (paragraph 9). This

[1] Drafted by Bowie.

[2] See footnote 3, Document 198.

was not intended and can be avoided without otherwise affecting the sense of the paragraph, merely by deleting these words. [3]

JOHN FOSTER DULLES

[3] On June 3, in NSC Action No. 1146, the National Security Council agreed to amend NSC Action No. 1136–b to read as follows:

"b. Noted that the President has authorized elements of the U.S. Seventh Fleet, as a routine incident to their patrol of the Formosan area, to pay friendly visits to the Tachen Islands lying off the east coast of China, which are held by the Chinese Nationalist Government and are closely related to the defense of Formosa, in order to make a show of strength that might deter the Chinese Communists from attacking these islands." (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the National Security Council, 1954")

No. 208

Editorial Note

At the June 3 meeting of the National Security Council, there was discussion of United States policy in the event of overt unprovoked military aggression by Communist China. In NSC Action No. 1148, the Council:

"a. Noted the views of the Secretary of State, as presented to and approved by the President on May 28, 1954, as to the nature of offensive action against Communist China which the United States should take in the event of overt unprovoked military aggression by communist China.

b. Agreed that:

(1) U.S. policy should be that, if Communist China should commit overt unprovoked military aggression in the Western Pacific area or Southeast Asia:

(a) The President would at once request approval from Congress for use of the Armed Forces of the United States against Communist China to defeat the aggression; and

(b) The United States would seek to persuade our Pacific allies, Thailand, and other free nations to join in the action, with such help as each can give, and to support an appeal to the United Nations by the parties attacked.

(2) The Secretary of State should advise Australia, New Zealand and the Philippines, as parties to mutual security treaties with the United States, of the foregoing U.S. policy, and should seek to obtain the commitment that, if the contingency should occur, each of those governments would at once request authority, in accordance with its constitutional processes, to join in such action. If such commitments cannot be obtained, the U.S. policy expressed in (1) above will be subject to reexamination." (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the National Security Council, 1954")

For an extract of the June 3 discussion, see volume XII, Part 1, page 532.

No. 209

INR-NIE files

National Intelligence Estimate

SECRET
NIE–13–54

WASHINGTON, June 3, 1954.

COMMUNIST CHINA'S POWER POTENTIAL THROUGH 1957 [1]

THE PROBLEM

To estimate the political, economic, and military development of Communist China through 1957.

CONCLUSIONS

1. The Chinese Communists * have as their long-range goal the development of a Soviet-style state in China, with its own bases of economic and military strength, and dominant in eastern and southern Asia. To this end they will proceed, as rapidly as possible, through the forced and ruthless measures characteristic of Communist regimes, to reorganize the social structure along Communist lines, improve the effectiveness of the administrative system, and develop the economy to the extent feasible. The regime will devote substantial resources to modernizing and strengthening its armed forces as a power base for its foreign policy.

2. Although the Chinese plans for economic development are not known in detail, it appears that these plans contemplate an increase in total output in 1957 to 20–25 percent above the 1952 level. Emphasis is placed upon increasing the output of the modern industrial sector, particularly heavy industry and transport. Fulfillment of the regime's economic plans depends upon increasing agricultural output while rigorously restricting consumption so as to

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[1] A note on the source text reads as follows:

"The Intelligence Advisory Committee concurred in this estimate on 25 May 1954. The AEC and FBI abstained, the subject being outside of their jurisdiction.

"The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff."

* Except where otherwise indicated explicitly or by context, "China" and "Chinese," as used hereafter, refer to Communist China and the Chinese Communists. [Footnote in the source text.]

provide the resources needed to support the industrial investment and military programs. A large part of the capital goods needed to fulfill the program will have to be obtained from the rest of the Soviet Bloc in return for Chinese exports. Available resources will have to be efficiently allocated to ensure that crucial sectors of the economy, such as transport, meet the demands generated by increasing production.

3. Barring a major crisis or other unpredictable event, we estimate that China will have attained by 1957 a gross national product of roughly US $32 billion, an increase of 20–25 percent over the 1952 figure. We estimate that agricultural output will be about 10 percent higher than in 1952, and the output of the modern industrial sector of the economy 70–100 percent higher. The increases in individual industries (including transportation) will of course vary widely from this over-all rate of increase. Even by 1957, however, the Communists will only have begun the modernization of China's economy. The country will as a whole remain agrarian and underdeveloped.

4. We believe that by 1957 the Chinese regime will have increased its administrative efficiency and have further tightened its control over its people and resources, but the regime will not have been able substantially to alter traditional social patterns or to obtain more than passive acceptance from the bulk of the population. However, we believe that the regime's ability to direct and control China will not be significantly impaired. Furthermore, we believe that the regime will be able to master leadership problems that are likely to arise, even in the event of the death or retirement of Mao Tse-tung.

5. The internal control and the international power position enjoyed by the Communist regime rest largely upon the power potential of China's military establishment, at present the largest of any Asian nation. We believe that the military establishment will gain in strength and effectiveness during the period of this estimate through the regime's program of modernization and training. Soviet assistance will continue to be essential to the fulfillment of this program.

6. We believe China's dependence on the USSR will not be significantly lessened during the period of this estimate, and that maintenance of the alliance with the USSR will continue to be a dominant aspect of China's foreign policy. The Communist Chinese regime will continue to consolidate its political position, to gain in economic and military strength, and by 1957 will be a more powerful force in world affairs than at present. Certain aspects of China's development will be used to support claims that time is on the Communist side in Asia. China's increased power and prestige will

present a challenge to the influence of the Western nations in Asia, and to the Asian leadership aspirations of India and Japan.

DISCUSSION

I. Introduction

7. Since their assumption of power in 1949, the Chinese Communists have, with Soviet assistance, built up a powerful military establishment. The Communists have undertaken a political and social revolution of vast proportions, and they have virtually eliminated effective opposition. They have largely rehabilitated and established control over the country's economy.

8. The Communist regime has accomplished the foregoing in the face of serious obstacles and at great economic and human cost. In 1949 the regime was confronted by widespread economic disruption, and general weariness resulting from 12 years of virtually continuous war. The regime has had to impose its will on 500,000,000 Chinese people and over an area approximately as large as the US, Mexico, and Alaska combined. The bulk of the people are illiterate; communication and transportation facilities are rudimentary or inadequate in many areas. Formidable problems must still be overcome before the Chinese reach the ambitious goals set by the regime.

II. Present Situation in China

9. The Chinese Communist regime has undertaken to create an industrialized and militarily powerful state. At present, the energies of the regime appear to be devoted to the consolidation and expansion of China's economic strength, modernization of military forces, and the transformation of China's political and social structure. To these ends, the regime is creating a more effective administration of government, intensifying its controls, and undertaking to eliminate or neutralize institutions or individuals which stand in the way of its goals.

Political Development

10. *Administration and leadership.* The Chinese Communists have adapted Soviet administrative and political institutions and techniques to Chinese conditions. The highly centralized and dictatorial government has instituted effective measures to suppress traditional regional, clan, and ethnic loyalties, and has imposed a unitary state structure with direct lines of command down to the village level.

11. Ultimate power in China resides in the Communist party and is vested in the Political Bureau (Politburo) of the Party's Central Committee. Under Mao Tse-tung's leadership each of the five principal members of the Politburo appears to have certain general

areas of responsibility, in addition to collective responsibility in the Politburo: Liu Shao-ch'i, party affairs; Chou En-lai, operation of the government; Chu Teh, military; and Ch'en Yun [2] and Kao Kang, [3] economic affairs.

12. The decisions of the Politburo are transmitted through a governmental structure patterned on that of the USSR. (See Chart I.) [4] The highest place in the governmental structure is reserved for the All China People's Congress, a body to be chosen by national elections now promised for 1954. Until this event takes place the top governmental body is the Central People's Government Council, headed by the Chairman (Mao Tse-tung) and six vice-chairmen. To bolster the fiction that the government is a coalition, three of the six vice-chairmen are "democratic personages" representing other political groups such as the Chinese Democratic League and the Kuomintang Revolutionary Committee. The principal administrative bodies—the Government Administration Council and the People's Revolutionary Military Council—are nominally responsible to the Central People's Government Council. However, since the principal members of the Politburo are also members of these administrative bodies, the authority of the Communist party is brought to bear directly upon the administration of the state. Decisions made by the national authority are implemented in each of the administrative regions of China by a regional organization composed of party, government, and military organs. A similar pattern of integrations of party and government is repeated down to local government level.

13. Chinese leadership is marked by the cohesion and stability of the party elite. The Communist leaders have been closely knit by their common experience in revolution and war since the party's founding in 1921. As in any group, however, there have been rivalries for power in the past and some almost certainly exist at present. Party pronouncements such as the February 1954 warning by the Central Committee on existing dangers to party unity suggest the existence of differences and rivalries, and there are hints of the existence of ill-defined groupings about Liu Shao-ch'i and Chou En-lai. There is no firm evidence, however, of clearly established factions among the upper echelons. There have been no major purges in the past 16 years.

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[2] Ch'en Yun, a Vice Premier of the Government Administration Council and Chairman of the Finance and Economic Committee.

[3] Kao Kang, Chairman of the State Planning Committee, a Vice Chairman of the Central People's Government Council, Chairman of the Northeast Administrative Committee, and Commander and Political Commissar of the Northeast Military Region.

[4] Not printed.

14. The precise manner in which Soviet influence or control finds its way into Chinese policies is not known. The USSR apparently treats its Chinese ally with deference. Soviet advisers almost certainly are in contact with the highest level of Chinese party and government leadership, but we do not believe that these Soviet officials issue direct orders. We believe the USSR is able to exert influence over Chinese policies primarily by virtue of their common ideology and China's economic and military dependence on the USSR.

15. *Political Controls.* The Communist regime has vigorously and ruthlessly set about establishing political control over the Chinese people. To do this, it has employed a wide array of programs, ranging from inducements and patriotic appeals to coercion and terror.

16. The Chinese Communists have developed an elaborate system of persuasion, involving social, economic, legal, and psychological pressures, and the operations of an extensive and highly coordinated propaganda apparatus. The Communists have sought to instill in the people a sense of participation in the "new China" and, through exaggerated claims of China's military and diplomatic accomplishments, to stimulate Chinese national pride. The regime has attempted to win public support by extensive campaigns against corruption and nepotism and by promising increased opportunity to the peasantry and urban proletariat. The regime has tried in particular to win the loyalties of youth.

17. The Communists have had considerable success in winning support from certain segments of the population. Some of the initial revolutionary zeal remains. In particular, a large portion of China's youth is impressed by the regime's achievements. Other important and energetic elements of support are found among members of the armed forces, government workers, skilled industrial workers, and a considerable proportion of the women.

18. Through terror and force, the Communists have eliminated the landlord class and thousands of businessmen, professionals, and former government officials. There is no evidence of significant organized resistance to the regime. To insure its control, the regime has established extensive security and police forces in addition to the army. In addition to these organized forces, the regime's ability to ferret out dissenters has been augmented by a pervasive system of vigilance committees and volunteer informers.

19. However, much of the voluntary support the regime received in 1949 has been dissipated. The regime's coercive measures have created an atmosphere of fear among many segments of the population. Many Chinese have probably become increasingly suspicious that the USSR is encroaching upon China's sovereignty. In some instances, strong adverse reactions have resulted from attacks on religious and traditional institutions. Increased taxation and regi-

mentation have caused an adverse reaction among the farmers. Dissatisfaction has arisen among workers as a result of the failure of real income to rise. Merchants and petty shopkeepers are resentful of heavy taxes and government competition. Dissatisfaction has grown among intellectual and professional groups as a result of the drop in their living standards and of the regime's unrelenting pressure toward literal conformity.

20. However, such dissatisfaction as now exists in China has neither the universality, the intensity, nor the physical means by which to transform itself into effective resistance.

Economic Situation

21. China is an underdeveloped agricultural country with a population of 500 million. China's estimated gross national product of approximately US $27 billion † is less than one-third of Soviet and about one-fourteenth of US GNP. China's per capita gross national product of roughly US $54 is about equal to that of India but only about one-quarter that of Japan. While there are the beginnings for a modern industrial development the present contribution of the industrial sector to total output is small. The regime faces a formidable task in achieving its long-term goal of a modern industrialized economy. To accomplish this, the Communists are developing their organization for planning and for controlling the economy.

22. As in any planned economy, the national budget is the major instrument for channeling resources to implement the regime's programs. By 1952, the Chinese national budget had risen to about a third of the gross national product, a substantially lower proportion than in the case of the USSR. The two most important categories of budget expenditures during this period have been military outlay and capital investment. (See Chart II [5] for breakdown of the budget.)

23. In 1949, when the Communists undertook the task of rehabilitating and expanding the Chinese economy after 12 years of wartime disruption, production was extremely low. At that time, the production of electric power was only about two-third's of the peak production under the Japanese, coal roughly two-fifth's and finished steel about one-sixth. (See Table I.) By the end of 1952, the Chinese had succeeded in general in rehabilitating the economy. Steel production exceeded by roughly one-quarter the highest levels reached between the years 1937 and 1945; grain and power produc-

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† Estimates based on 1952 data are used generally throughout. Changes since 1952 are believed not to have altered the general order of magnitudes or the relationships. [Footnote in the source text.]

[5] Not printed. A note states that the figures in the chart were taken from published Chinese Communist sources.

tion were slightly above this level; and coal output was about three-quarters of this level. (See Chart III [6] for comparison of Chinese production in 1952 with highest 1937–1945 levels and with production in US and USSR.)

TABLE I—ESTIMATED PRODUCTION OF SELECTED KEY COMMODITIES IN CHINA, 1952

		1937–1945 Peaks		
Commodity	*Units*	*Year*	*Quantity*	*1952*
Food Grains	million metric tons	1939	106	112
Electric Power	billion KWH	1944	7	8
Crude Steel	million metric tons	1943	0.9	1.1
Crude Oil	thousand metric tons	1943	260	315
Coal	million metric tons	1942	65	50

24. The general rise in domestic production and trade, the great expansion of overland trade between the Soviet Bloc and China, and the movement of military supplies to Korea have increased demands on Chinese transport capacity. The regime has almost restored the rail net developed by the Chinese Nationalists and the Japanese in their respective zones prior to 1945. The Communists have also brought to completion about 800 miles of new lines. (For major transport lines see Map 1 at end of estimate.) However, the rail net is still inadequate in many areas. Lack of rail transportation has greatly hampered the exploitation of strategic minerals in western China, including such key projects as the development of the Yumen oil fields. Moreover, the Chinese have not yet restored the prewar supply of freight cars and locomotives. Largely because of the increased transport demand and shortages of rolling stock, the rail system is currently operating under considerable strain. Drastic measures are being employed to stretch present capacity by intensifying the utilization of equipment.[6]

25. Other forms of transport have played a smaller part in the regime's program. There is still relatively little motor transport. Long distance motor transport has not been feasible in most areas because of poor roads and shortages of fuel. Transport via inland waterways is not utilizing the full capacity of available shipping, apparently in part because of the significant change in the pattern of trade. Cargo junks make up the bulk of China's inland and coastal water transport capacity, though the Chinese ocean-going

[6] Not printed.

merchant fleet of 101 small slow ships plays an important part in coastal trade from Shanghai northward. China is dependent on non-Chinese shipping for almost all of her seaborne foreign trade. Civil aviation is little developed and has been used primarily as an adjunct of military air transport, especially during the Korean War.

26. Although the Communists have made considerable progress in rehabilitating the Chinese economy, the basic pattern remains unchanged. Agriculture is still the primary activity and per capita production is still low. The major sector contributions to gross national product are shown in Chart IV. [8] Moreover, the geographic concentrations of economic activity within China remain substantially unchanged. (See Map 1 at end of text.)

27. On the other hand, the Communists have made a major change in the direction and composition of China's foreign trade. In 1938 practically all of this trade was with countries not now in the Soviet Bloc while in 1952 the Soviet Bloc accounted for about 70 percent of China's foreign trade. In terms of constant dollars, China's total foreign trade in 1952 was roughly the same as in 1938. However, imports in constant dollars were considerably less in 1952 than in 1938 when a large import surplus was financed by Japanese investment in Manchuria. Imports of consumer goods in 1952 constituted a smaller proportion of the total than in 1938. Imports of military supplies in 1952 constituted a much greater proportion of the total than in 1938. Imports of capital goods and industrial raw materials constituted about the same proportion in 1952 as in 1938. These changes in direction and composition have come about in part because of China's new political relationship with the Soviet Bloc, in part because of the requirements of China's programs of economic and military development.

Chinese Communist Armed Forces

28. The internal control and the international power position enjoyed by the Communist regime rest largely upon the power potential of China's military establishment. Within China, the armed forces have held a position of unique privilege and power in the state hierarchy since Mao Tse-tung assumed leadership of the party. The loyalty of the military forces adds greatly to the regime's power to coerce the people. The Chinese military establishment is at present the largest of any Asian nation, with over 2 1/4 million men in the field forces and an actual aircraft strength of more than 1,500. (See Table II.) These forces, supported by the USSR and greatly improved by the Korean War, have given the Communists an overwhelming military advantage over the coun-

[8] Not printed.

tries of non-Communist Asia and have profoundly affected the over-all balance of power in Asia.

TABLE II
CHINESE COMMUNIST MILITARY STRENGTH

Army	*Air Force*	*Naval Air*	*Navy*
Total Strength	*Total Strength*	*Total Strength*	*Total Strength*
3,300,000	64,000	1,200	60,000
Field Force	*Total Aircraft Strength*	*Total Plane Strength*	*Naval Vessels* ‡
2,300,000	*TO & E—Actual*	*TO & E—Actual*	
160 Infantry Div.	1,980—1,500	160—80	1 Light Cruiser
5 Armored Div.	930—720 Jet Fgts	80—40 Piston Fgts	17 Frigate/ Gunboats
3 Parachute Div.	280—170 Piston Fgts	40—10 Jet Lgt. Bmb	3 Old Gunboats
6 Cavalry Div.	200—150 Ground Att	40—30 Piston Lgt. Bmb	4 Motor Gunboats
19 Artillery Div	200—120 Jet Lgt. Bmb		40–50 Motor Torpedo Boats
40 Independent Reg.	240—220 Piston Lgt. Bmb		16 River Gunboats
35 Independent Bn.	10—10 Piston Med. Bmb		45 (or more) Amphibious vessels of all kinds
	120—110 Transports		11 (or more) Auxiliaries

Public Security Forces 1,000,000 §
18 Security Div.
16 Independent Security Reg.

‡ The light cruiser is believed to be nonoperational. In addition to the vessels listed the CCN has from 250 to 300 armed motor junks and district patrol craft. It is known that some Chinese personnel have undergone submarine training and one ex-Soviet submarine, possibly of the "medium range" type, is in Chinese hands at Tsingtao. This submarine is believed to be in a "training status" and is not operational. [Footnote in the source text.]

§ Identified units constitute only a small portion of total estimated strength. In addition to other as yet unidentified divisions and regiments, there are an unknown number of small local units of varying size scattered throughout China. [Footnote in the source text.]

29. The Chinese Army, with its heavy emphasis on the foot soldier and human or animal transport, would be less deterred by formidable terrain and extremes of weather than would a mechanized army. On the other hand, deficiencies in logistics, communications, heavy equipment, and combined arms technique would put the Chinese Army in a disadvantageous position in dealing with a modern Western army under conditions where heavy equipment and modern techniques could be used.

30. The Chinese air capability was not fully tested in Korea. Combat activity was limited almost entirely to an air defense role, and the air force operated as one component of the Communist Air Force, which also included Soviet and Korean units. The Chinese have a fair capability in air defense under good visibility conditions, but they have little capability at present for combat operations at night or in marginal weather. Although tactical support operations were not undertaken in Korea, the Chinese Air Force has some capability for such operations. Likewise, although the Chinese bombing capability was not tested in Korea, they have a sizable force of light bombers, both jet and piston, and a few medium bombers.

31. The Chinese Navy has a low over-all operational effectiveness by US standards. Not only is its equipment scanty but its mission and interests are subordinated to those of the army and the air forces. However, the Chinese Navy has the capability for carrying out limited surface combat operations in the coastal waters off the China mainland. These could include raids, coastal security patrols and escort operations, mine laying and mine sweeping, and amphibious assault over a short distance. While the naval air force is still in its formative phase, it has a limited capability of supporting surface combat operations by mine laying and by low altitude attacks against surface elements.

32. The major weakness of the Chinese armed forces is their lack of domestic supply facilities and their concomitant dependence upon the Soviet Union for such items as tanks, aircraft, military transport, naval vessels, POL, electronic equipment, and spare parts. At the present time this weakness would become critical in the event of a general war in the Far East which involved both the Soviet Union and China. In such a circumstance, the ability of the Soviet Union to supply China with military goods would be limited by the capacity of the Trans-Siberian railway, in view of the demand on this capacity entailed in supplying Soviet forces in the Far East. Chinese arsenals at the present time are capable of producing small arms, light and heavy machine guns, mortars, light artillery, and ammunition for these weapons, but not in sufficient quantities to supply the present needs of the modernization program.

Chinese Communist Foreign Policy

33. The task of carrying out a political, social, and economic revolution within China along Communist lines is complicated by China's international relationships. China's alliance with, and dependence on, the USSR as well as their common ideology have led China to subordinate some of its interests to broader Bloc interests. Mainly as a result of China's aggressive posture and actions toward

non-Communist states, China has largely been cut off from non-Communist economic relations and diplomatic support.

34. The Peiping regime has embarked upon a program to make China the dominant power in a Communist Asia. An intrinsic part of this program is a strengthening of China's military establishment. Partly in pursuit of its long-range objective and partly in response to Soviet policy, Peiping has assumed a leading role in furthering international Communist policy in Asia.

35. China's domestic interest, international relationships, and long-term aspirations have resulted in a foreign policy along these broad lines: (a) maintenance of the alliance with the USSR; (b) aid to indigenous Communist parties and groups in non-Communist Asian countries; (c) continued application of political warfare pressure against non-Communist Asia; and (d) diplomatic and propaganda efforts designed to enhance China's prestige and world status. Such a policy appears to be designed to further China's domestic and international objectives without provoking open conflict with the West. It also appears to be based on the belief that time will work to the Communist advantage in achieving China's international aspirations.

III. Probable Trends in China Through 1957

Long-Range Objectives and Plans

36. The Chinese Communists have as their long-range goal the development of a Soviet-style state in China with its own bases of economic and military strength, and dominant in eastern and southern Asia. To this end they will continue to reorganize the social structure, improve the administrative system, and modernize the economy as rapidly as possible. They will continue gradually to enlarge the state sector of the economy, curtailing and subjugating private enterprise, and establishing large cooperative and collective farms. They will continue to give first priority to basic industrial and transport development. The regime will also devote substantial resources to modernizing and strengthening its armed forces as a power base for its foreign policy.

Problems of Leadership and Control

37. Within recent months, there have been increasing indications that the party leadership is dissatisfied with the performance of various high officials. The current emphasis on the need for party unity and collective leadership, while directed immediately at individual dissidents, appears ultimately directed to improvement of collective planning and management. It also seeks to minimize personal differences among party leaders in the event of Mao's death. Disagreement over Soviet aid and the pace of socialization may constitute an obstacle to the success of the economic program.

38. It is possible that China will be faced with a "succession" problem between now and 1957. Mao, now 60 years old, is reported to be in poor health. If he were to retire or die during this period, a collegial succession, at least initially, would be more probable. If a single leader were chosen either Liu Shao-ch'i or Chou En-lai would appear to be the most likely successor. In any event, Mao's disappearance from the scene would probably have an adverse effect upon China's ruling group, and would almost certainly have an adverse effect upon China's relative prestige within the Sino-Soviet partnership. We believe, however, that the problems arising out of possible need to choose a successor to Mao will not seriously impair the dictatorship or the regime's ability to direct and control China.

39. The regime must also overcome its acute shortages of qualified technical, managerial, and administrative personnel. Such shortages affect all sectors of the regime's efforts to administer, control, and develop China. The capacity of Chinese middle schools and institutions of higher education will be adequate to graduate only a fraction of the approximately 600,000 technicians, teachers, medical personnel, and trained workers in government and commerce which the regime has announced it will require by 1957 to carry out its national economic programs. The effects of this shortage in trained personnel will be aggravated by widespread Chinese technical inexperience and by the high degree of illiteracy (80 percent). China will therefore probably attempt during the period of this estimate to deal with shortages of trained personnel by lowering educational standards, by sending greater numbers of Chinese students to the USSR for training, and by utilizing Soviet advisers and technicians. By such measures, China will probably be able to avoid any serious breakdown of its political and economic programs. Nevertheless, the shortage of trained personnel will continue to be an important retarding factor in the regime's over-all progress.

40. The regime will continue to have difficulty in maintaining its present degree of support while pushing forward with its programs. Political and economic pressures will tend to antagonize the peasantry and certain other groups, and all classes will increasingly resent the use of force. Government appeals to nationalism as well as efforts to persuade the people of the necessity for Soviet advice and guidance may backfire by fostering resentment of Soviet influence in China, and thereby increase dissatisfaction with the regime. The regime's attacks on traditional Chinese values will continue to encounter increased resistance, particularly in rural areas. In any case, the regime will be unable to offer significant incentives to mitigate these adverse reactions because of the pressure

on available resources entailed in fulfillment of its military and investment programs.

41. However, in some segments of the population certain factors will be working in the regime's favor. By 1957, a substantial portion of China's population will have matured under Communist indoctrination. National pride may be stimulated by propaganda extolling real and imaginary achievements of a "new China." A sense of participation in China's national life will be increased by the activities of elective local, regional, and national bodies, even though these bodies will in fact have no real authority.

42. In sum, we believe that during the period of this estimate the regime will not have greatly changed the prevailing social customs and practices, nor will it have gone far in reducing illiteracy. We believe that while the regime will continue to receive the support of some and face the hostility of other portions of the population, the bulk of the people will continue to accept Communist leadership passively. In any event, because the efficiency of governmental control apparatus will probably improve, the degree of control exercised by the regime over the people will probably increase. Finally, we believe that the leadership will continue to resolve any personal differences which might significantly impair its ability to direct and control China.

Economic Problems and Programs

43. Although the Chinese plans for economic development are not known in detail, the regime in May 1953 announced a substantial reduction of its goals in the first year of the five-year program. The program now appears to be to increase the gross national product in 1957 to 20–25 percent above the 1952 level. Emphasis is placed upon increasing the output of the modern industrial sector, particularly heavy industry and transport. Plans for industrial development appear to be directed in particular toward continued rehabilitation and expansion of the Manchurian plant, with some expansion of industry in the rest of China.

44. The central economic problem confronting the regime in carrying out its plans is to accumulate capital resources and to allocate such resources in a way most conducive to a rapid and efficient implementation of its programs. The major domestic determinant in the success of the programs will be the extent to which the regime is able to increase agricultural output to feed the growing population, to provide raw materials for industry, and to provide exports to pay for essential capital goods imports. At the same time, in restricting consumption the regime must avoid destroying production incentives. The regime must also avoid disrupting production by pressing too aggressively with its political, social, and economic reforms. The task of allocation will require the develop-

ment of an effective administrative apparatus, despite the obstacles faced in the lack of trained personnel, poor communications, the low level of literacy, and the awkwardness of the written language. Allocation decisions must be made between the competing claims on the resources and energies of the regime for the economic, military, political, and social programs.

45. Aside from domestic considerations, the most important factor determining the rate of industrial development in China will be the volume of goods and services made available to China by the USSR. While China's ability to export commodities in demand by the Soviet Union and the European Satellites is an essential element, of equal significance is the availability in the Bloc of desired goods and services and the policy of the USSR with respect to building a strong China.

46. China's agricultural system, involving about three-quarters of the total population, has basic weaknesses. There is a low ratio of cultivated land to the population. The farmers lack knowledge of new techniques; they lack capital with which to purchase fertilizers, insecticides, and equipment; individual holdings are generally too small to permit the introduction of mechanization even if capital were available. These factors result in inefficient use of manpower and low output per man.

47. Taking into account the many problems involved, we believe agricultural production will have increased by about 10 percent between 1952 and 1957. These gains in output are expected to result from expansions of acreage under cultivation, extension and repair of irrigation facilities, increased use of chemical fertilizers, and the additional incentive to intensive and diversified production induced by the expansion of urban and export markets. However, weather and other unpredictable factors may prevent the Communists from achieving such an increase. The regime may also encounter difficulties in its efforts to reorganize agricultural production and to enforce crop collection. The emphasis will be placed on cooperative action rather than on the formation of state farms. However, implementation of the regime's plan to organize some 20 percent of the farmers into producers' cooperatives by 1957 may have disruptive effects on agricultural production.

48. In order to provide capital from increased production to support industrial expansion and increased imports of capital goods, the Communists must maintain control over the rate of consumption. Pressures for increased consumption will come from the farmers, increased numbers of industrial workers, and the over-all rise in total population. The population increase, in part a result of improved public health measures and in part a result of more stable conditions, will tend to be concentrated, by migration, in the large

urban areas where per capita consumption is about twice that of the rural areas. Because of this, a population growth projected at less than one percent per year would increase total consumption by five to eight percent between 1952 and 1957 even in the absence of any change in urban and rural living standards. Although the regime will be faced with many difficulties in restricting consumption, particularly in rural areas, we believe that its control mechanism is adequate to restrict consumption to roughly half of the expected 20–25 percent increase in total output by 1957. The remaining proportion could provide sufficient investment resources to permit achievement of the regime's estimated industrial and military programs.

49. Another crucial problem in fulfilling the industrial program will be the supply of capital goods. Domestic capital goods output is small, of poor quality, and of limited variety, and the Chinese Communists must depend on foreign trade—particularly with the Soviet Bloc—for the bulk of their supply of capital goods. Although the USSR provided US $300 million in credits to China in the 1950-1954 aid agreement, the Soviet Union probably will not grant substantial further credits to China for capital goods and therefore we believe that China's imports with the possible exception of some military items are likely to be approximately limited to the amount which can be financed through exports. Moreover, since import programs from Bloc countries are determined in annual barter contracts and since transport between China and these countries is difficult, deliveries of capital goods are likely to be uncertain, with resulting adverse effects on the development program.

50. In view of the current deficiencies in rail transport and the large prospective increase in traffic requirements, the Communists will have to make strenuous efforts to insure that the rate of increase in transport capacity, particularly railroads, keeps abreast of the demands generated by the increase in production. The most urgent need will continue to be rolling stock. Locomotive and freight cars cannot be produced domestically in adequate quantities and therefore will have to be imported. Thus a crucial area of investment required for the fulfillment of the Chinese economic program will be the expansion of railroad capacity. The regime has recognized the importance of this problem and we believe that it will continue to give it high priority.

51. The Chinese will divert substantial resources to building up a modern military force. Over and above the funds allocated in announced national budgets for military expenditures (see Chart II), substantial funds for military purposes, such as arsenal construction, are concealed in other categories of the budget. We believe

that at present something over US $3 billion, about one-third of the national budget, is being expended on military items and that this level will not change substantially during the period of this estimate. Moreover, since China's armaments industry does not produce heavy equipment such as tanks and artillery or aircraft, a major share of foreign exchange earnings must be used for military end-items as well as equipment for expanding China's armament production. We believe the Chinese will utilize roughly one-third of total export earnings for the import of military end-items and POL during the period of this estimate. This does not include possible imports of military supplies given to China by the USSR on a grant or credit basis.

52. We estimate that by 1957 China can increase its total exports by about 50 percent over 1952, primarily through increased exports of agricultural and mineral raw materials. This increase would probably provide adequate funds for minimum import requirements of the industrial, agricultural, and military programs. The Soviet Bloc will probably make these imports available.

53. The Chinese Communists may seek to expand trade with non-Communist countries. Relaxation of non-Communist trade controls could contribute to the fulfillment of the regime's programs and reduce China's economic dependence on the rest of the Soviet Bloc. These effects would materialize, however, only to the extent that non-Communist countries were willing and able to extend credits and supply goods not available to China from Bloc sources, or on terms more advantageous to China than those entailed in trade with the Bloc.

54. In summary, although the Chinese will face many serious difficulties in achieving their economic goals, we believe that by 1957 the regime can expand total output by 20–25 percent over 1952.

Probable Developments in the Chinese Communist Military Establishment

55. The regime apparently intends to strengthen the military establishment primarily through modernization rather than through a significant increase in manpower. Soviet assistance will continue to be essential to the fulfillment of this program.

56. The capability of the army will almost certainly improve. The number of infantry divisions will probably be reduced to provide manpower to strengthen the remaining infantry divisions, and to increase the number of service and support units. Training will be intensified and selection and utilization of personnel will improve.

57. The air force is expected to be expanded and to be developed into a more balanced force. Its personnel strength will probably be expanded to about 90,000 and its authorized aircraft strength increased to approximately 2,500, including 1,400 jet fighters and 480

jet light bombers. The extent to which aircraft are provided to fill out the authorized strength depends on Soviet supply. The over-all combat readiness of the Chinese Air Force is expected to improve appreciably during the period as a result of increases in aircraft and personnel strength, improvement in training, and an increase in supporting services and facilities.

58. Naval development will probably be relatively minor, although it may include the acquisition of a number of coastal or medium-range submarines from the USSR. It is likewise expected that the Chinese Naval Air Force will be developed to an authorized strength of 340 aircraft, including 160 jet fighters and 80 jet light bombers. New techniques in training are expected to be introduced which will enhance the capability of this force to attack shipping of all types along the China coast.

IV. China's Position in 1957

59. We believe that by 1957 the Chinese regime will have further tightened its control over its people. We also believe that unless some major crisis or other unpredictable event occurs, the regime will by 1957 have attained a gross national product of roughly US $32 billion, an increase of 20–25 percent over the 1952 figure. The agricultural contribution to GNP in 1957 will probably be about 10 percent above the 1952 level. That part of the GNP accounted for by the modern industrial sector of the economy in 1957 will probably be roughly US $6 billion, a 70–100 percent increase over the 1952 level. The country will as a whole remain agrarian and underdeveloped.

60. Despite the progress made by 1957, the Communists will have only begun the task of transforming China. The country will as a whole remain agrarian, illiterate, and underdeveloped. Moreover, while the regime will probably have developed a modest industrial sector, China will be faced with increased difficulties in maintaining the rate of growth.

61. We believe China's dependence on the USSR will not be significantly lessened during the period of this estimate, and that maintenance of the alliance with the USSR will continue to be a dominant aspect of China's foreign policy. The Communist Chinese regime will continue to consolidate its political position, to gain in economic and military strength, and by 1957 will be a more powerful force in world affairs than at present. Certain aspects of China's development will be used to support claims that time is on the Communist side in Asia. China's increased power and prestige will present a challenge to the influence of the Western nations in Asia, and to the Asian leadership aspirations of India and Japan.

No. 210

396.1 GE/6-554: Telegram

The Under Secretary of State (Smith) to the Department of State [1]

CONFIDENTIAL NIACT GENEVA, June 5, 1954—1 p.m.

Secto 385. Re Secto 375. [2] Johnson met with Wang Ping-nan and Trevelyan for 20 minutes this morning in small conference room at Palais des Nations. Johnson accompanied by Martin and Colonel Ekvall (interpreter); Wang by Ko Po-nien, [3] Huan Hsiang and interpreter; Trevelyan by J. F. Ford of British delegation.

Wang indicated immediately that this would have to be a preliminary meeting since Ko Po-nien, head of American Affairs Department, had to go to Berlin today for a conference which had been set up long before arrangements made for today's meeting. Communists had agreement today in order take advantage Trevelyan's presence since he leaving for London. However, Communists would not be prepared discuss substantive questions until Ko's return from Berlin.

Johnson stated we had come to meeting because we understood from Trevelyan that Communists had indicated progress would be facilitated by direct contact, and expressed disappointment Communists unprepared discuss substantive questions this meeting.

Wang replied delay not their fault as they had told Trevelyan some time ago they willing negotiate directly with us.

Johnson said we could not accept responsibility delay as we had been attempting for several years through British at Peiping and past few weeks at Geneva obtain information on detained Americans. Johnson then voiced deep concern US Government and people re continued detention Americans in Communist China and described categories and numbers in each category of detained Americans (including US Air Force, Navy and Coast Guard personnel) whose release we wish obtain. He said he was prepared then and there furnish lists of detained Americans to Communists.

Wang replied that Communists would be prepared discuss this subject at next meeting and would also raise with us question of Chinese nationals prevented from leaving US. He again indicated Communists unprepared discuss these questions today and suggest-

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[1] Repeated for information to Hong Kong, Taipei, and London.

[2] Secto 375 from Geneva, June 4, reported the arrangements for the meeting described in this telegram. (396.1 GE/6–454)

[3] Director of the Department of American and Australian Affairs in the Ministry of Foreign Affairs, People's Republic of China, and an adviser to the Chinese Delegation at Geneva.

ed we meet again on Thursday, June 10, since Ko returning from Berlin Wednesday.

Johnson replied he was prepared now fully discuss question Chinese nationals in US but Wang replied can be discussed next morning. Johnson stated he thought it might be possible we could have meeting Thursday, however, stating that he could not make commitment on next meeting and would have to confirm through Trevelyan.

Wang then expressed belief that questions for discussion could be satisfactorily resolved now that direct contact between Chinese Communist delegation and United States delegation established.

Comments follow. [4]

SMITH

[4] See *infra*. On June 5, the Department of State released a statement concerning Johnson's meeting that day with Wang; it stated that the U.S. Government intended to "leave no stone unturned" in its effort to secure the release of U.S. citizens imprisoned in Communist China and that U.S. participation in the conversations "in no way implies United States accordance with any measure of diplomatic recognition to the Red Chinese regime." The text of the statement is in Department of State *Bulletin*, June 21, 1954, p. 950.

No. 211

396.1 GE/6-754: Telegram

The Under Secretary of State (Smith) to the Department of State [1]

CONFIDENTIAL PRIORITY GENEVA, June 7, 1954—10 a.m.

Secto 393. Reference Secto 385. [2] Despite Communist refusal enter into substantive discussions at June 5 meeting, we feel further effort on behalf of detained Americans justified in light Communist commitment enter into substantive discussions next meeting.

Experience British and others in negotiation with Chinese on detained nationals has been two or three substantive meetings sufficient. However, their cases much fewer in number and less complex than ours. Also probable that in case Americans, Communists will endeavor extract maximum political capital by prolonging direct contacts.

Therefore, anticipate that at next meeting Communists will accept our lists of Americans, promise to look into matter and suggest another meeting in week or ten days. If by time third meeting no positive results achieved, we should be prepared break contact.

[1] Repeated for information to Hong Kong, Taipei, and London.
[2] *Supra*.

However, if some positive results obtained, would be difficult break contact prior to obtaining release maximum number Americans. Must recognize in case of Americans possibility Communists will attempt prolong direct contacts by releasing few Americans as result each meeting.

We must therefore decide whether political disadvantages at least several more contacts outweigh desirability obtaining release at least some Americans.

If decision made authorizing additional meetings cannot assume Trevelyan's presence. While if Communists again agree he can be present at Thursday meeting, he will be returning to Peiping end this week and therefore could not attend any subsequent meetings. His departure has already been postponed one week by Eden at my personal request and doubt further postponement can be obtained.

Request instructions. [3]

SMITH

[3] Tosec 370 to Geneva, June 8, stated that Johnson should have another meeting or two with the Chinese with further contact dependent upon results and that he should try to have Trevelyan or another British representative present at all meetings. (396.1 GE/6–854)

No. 212

396.1 GE/6–1054

The Under Secretary of State (Smith) to the Department of State [1]

CONFIDENTIAL NIACT GENEVA, June 10, 1954—4 p.m.

Secto 415. Johnson again met with Wang Ping-nan this morning on question detained Americans. Composition meeting same as that of June 5 (Secto 385) [2] except that Communists brought stenographer. Meeting took place in larger room at Palais at their request.

Johnson opened meeting describing again categories and numbers of detained Americans and handed Wang lists of names for each category, including 18 Air Force and 11 Navy and Coast Guard personnel. Stressed these lists based on best information our disposal but may be others detained in which case would like to have information. Requested that all persons named on lists be released at earliest opportunity.

Wang noted Johnson statement re Americans and then read from prepared statement. Said question US citizens detained China and Chinese detained US not difficult solve if both sides have sincerity. Claimed US citizens free reside China carrying on business

[1] Repeated for information to Hong Kong, London, and Taipei.

[2] Document 210.

so long as obeyed laws and can leave any time if not involved civil or criminal cases. Since establishment Communist regime 1485 Americans left China—582 in 1950, 727 in 1951, 143 in 1953, 33 in 1953 [*1954*]. Chinese Government and people always friendly American people and no one prevented leaving China because American. Few Americans, however, had engaged espionage and sabotage, taken part in "Chiang Kai-shek civil war" or violated Chinese territorial air and waters. These prosecuted according law which duty of sovereign state. Their sentences based on crimes committed. As to lists imprisoned Americans, Wang said would examine them and reply at next meeting. Said wished to take up subject question Chinese students at next meeting.

Johnson asked Wang whether Communists had any provision for issuing pardons or commuting sentences which might permit early release imprisoned Americans. Wang replied he would look into this question and answer at next meeting.

Johnson said Communist statement to press re detained Chinese students differed greatly our information and offered present facts. Wang replied had seen our press statements re detained Chinese students which at variance with facts. Johnson suggested they supply names and addresses Chinese alleged detained US and pointed out he knew of no Chinese imprisoned in US. Wang merely replied would discuss this problem next meeting.

Johnson then noted Chinese Communist press spokesman in Geneva had indicated willingness Communists transmit letters from relatives imprisoned Americans. Pointing out prisoners hitherto held incommunicado and relatives unable obtain any information, asked what mechanics of communication with prisoners would be.

Communists had apparently anticipated question communication with prisoners would be raised since Wang reverted to prepared statement. This blamed inability relatives communicate with prisoners on bad state of relations between US and Communist China for which US must bear entire blame. Since direct contacts now established, however, Communists will as from today arrange exchange of mail between imprisoned civilians and relatives. Said relatives should address letters to prisoners in care "Red Cross Society of China, Peking, China". Wang agreed prisoners could reply by same channel, but was non-committal when Johnson asked that prisoners be notified immediately so that they would not have to await letters from relatives before writing.

Johnson also asked whether provision for communication with prisoners would apply to military personnel being held. Wang stated military personnel constituted separate question which would be discussed later. Johnson asked whether arrangements

could be made for relatives send food parcels or money to prisoners Wang replied would have to discuss with Chinese Red Cross and let us know later.

Johnson made statement (pursuance Tosec 270 [*370*]) [3] re our desire for Trevelyan's (or Ford) presence at next meeting due his helpfulness in past and need keep informed for future. In brief discussion that followed, Wang termed presence of Trevelyan "unnecessary" as question had to be decided by "two sides" in making it clear that they did not want Trevelyan present. In response to Johnson's specific inquiry as to whether Chinese "objected" to presence Trevelyan, Wang again made it clear did not desire presence Trevelyan by saying Trevelyan would not be here long and there would be "many more meetings". Trevelyan stated he glad to be of assistance but felt he could not attend meetings unless both sides agreed.

Saying that a little time would be needed to examine our lists and obtain information, Wang requested next meeting 10:00 a.m., June 15, to which we agreed.

Comments follow.

SMITH

[3] See footnote 3, *supra*.

No. 213

396.1 GE/6–1254: Telegram

The Under Secretary of State (Smith) to the Department of State [1]

SECRET PRIORITY GENEVA, June 12, 1954—10 a.m.

Secto 428. June 10 meeting Chinese (Secto 415) [2] proceeded much as anticipated (Secto 385). [3] Communists made clear they expect extended negotiations and there was some implication they hope enlarge scope of talks.

We have thus far ignored political innuendos Communist statements and stuck to concrete questions relating to detained Americans.

Anticipate that the next meeting when, as they indicated, Communists take up question Chinese Nationals in US, they may attempt obtain recognition Peiping ability deal with US Government on behalf all Chinese aliens in US. We plan to give them already

[1] Repeated for information to Hong Kong, London, and Taipei.

[2] *Supra*.

[3] Document 210.

published statistical information with regard to Chinese students in US and departures students from US; discuss specifically the general problem of 120 students thus far denied permission depart on security grounds, and state that Chinese in US same as any other aliens are free to choose where they wish to live, and those who wish to live in Communist China will not be prevented from exercising this choice by US. We intend keep in mind importance of not derogating from our recognition of Nationalist Govt as Govt which represents and protects interests of Chinese Nationals in US.

Along with deterioration in atmosphere both Indochina and Korean phases of conference, ability to obtain benefits for Americans in China may decrease. The question of whether talks should be continued beyond next meeting difficult now to determine. In general, however, feel we should continue talks.

We are of course aware of dangers of protracted negotiations with Communists. It is probable that Communists will only release Americans when they feel nothing more to be gained by holding them. Since they have given every indication of wanting to prolong talks and give them political significance, Communists unlikely agree early release detained Americans, thus depriving themselves means to keep us coming, but may well dole out minor concessions from meeting to meeting. There are limits to what we can do obtain release Americans and Communists should be disabused any idea talks may have political results. Prolonging talks after we have made our case, however, might encourage this belief. We propose therefore to break off talks as soon as we are satisfied we have made best case possible on behalf detained Americans and have made maximum use whatever bargaining point we have on detained Chinese. This may take two or three more meetings.

As to detained Chinese, Communists will claim we detaining many times more than actually the case, and our agreement release specific number will have little effect. Moreover, we wish avoid heading into anything like person for person exchange. We believe best approach to problem is to state principle that any alien Chinese free to depart US for any destination, including Commie China, and that if Commies have information as to Chinese being detained (other than 120) they should provide us names as we have done in cases US citizens detained Communist China.

Department's comments requested. [4]

SMITH

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[4] Telegram 1039 to Geneva, June 12, authorized Johnson to continue the talks for the duration of the Geneva Conference as long as he considered that they were serving a useful purpose. (396.1 GE/6–1254)

No. 214

396.1 GE/6–1554: Telegram

The Under Secretary of State (Smith) to the Department of State [1]

CONFIDENTIAL NIACT GENEVA, June 15, 1954—6 p.m.

Secto 445. Johnson met third time this morning with Wang Ping-nan of Chinese Communist delegation on subject detained Americans. Following is summary of 90-minute meeting:

Referring to questions raised by Johnson at last meeting (Secto 428) [2] Wang gave following replies:

1. Relatives of imprisoned Americans may send small packages to them.
2. Military personnel who have been imprisoned because of violation of Chinese territorial air can carry on correspondence with families and families may send small packages to them.
3. Delivery of letters and packages to civilian and military prisoners will be handled by "National Red Cross Society of China, Peking".
4. Sentences passed on lawbreaking foreign nationals, including American nationals and military personnel, are based on crimes committed. If prisoners have record good behavior, authorities will consider commutation of sentences or early release.
5. List of Americans handed Communists last meeting being checked and when results of investigation received, Communists will notify us.

In response Johnson question re size and contents packages for prisoners, Wang replied as to size could be any size within limitations normally accepted by post office. As to contents no restriction except items banned under postal regulations, such as poisons, drugs, etc. Wang then launched into statement re Chinese students in US main burden of which was that large proportion 5000 students in US long to return China reunite with families but unable to do so because of obstructions. Cited letters to applicants for exit permits denying permission leave and stipulating $5000 fine or imprisonment if attempted to leave. Alleged passports taken from students. Said result mistreatment students denied permission leave, others did not dare apply. Pointing out students not guilty of anything Wang requested US Government release detained Chinese students and restore their right return China. Said all Chinese nationals residing US should enjoy right return their motherland.

Johnson replied, giving facts re treatment detained students. Stressed fact 120 detained in accordance regulations and laws US,

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[1] Repeated for information to Hong Kong, London, and Taipei.

[2] *Supra.*

citing legal authority. Pointing out some of those originally denied permission leave now settled down in States and no longer desired leave, Johnson suggested Communists give lists Chinese students they believe being detained and offered investigate. Furthermore, in cases where students still desire return, offered recommend urgent reconsideration their cases in accordance applicable laws and regulations in light urgent discussions here.

Emphasizing Johnson admitted detention Chinese students, Wang alleged students have been ill treated, harassed and imprisoned. Cited 5 specific cases Chinese who had been imprisoned or arrested. (Details follow separate cable to Department.) [3]

Wang then went on to expound thesis that reason only 434 students applied exit permits from 1950 to present was that denial of permits to 120 and their ill treatment during period had discouraged other students from making applications. Wang said Chinese Communist policy very different from American since Chinese Communists allowed Americans freely depart, except those involved civil and criminal cases, whereas we detained Chinese who had done nothing wrong. Wang also said could not agree Johnson statement Chinese formerly wish depart now settled down, stating Chinese had gone to States to study and return China and had only gotten jobs as last resort because their desire return China being curbed by US policy. With reference Johnson suggestion Chinese Communists submit list detained Chinese students, Wang said fact we had submitted list Americans detained China showed latter able communicate with us, but since Chinese students in US afraid express their own will (because immigration office after them), Wang unable supply list of them.

In reply Wang's statements, Johnson said it would be fruitless debate respective policies concerning aliens as doubted would convince each other. He had purposely refrained from discussing mistreatment US nationals in Communist China. He had refrained mentioning cases such as Americans who died in prison unknown to us until many months later. He had avoided this kind of discussion in order facilitate progress meetings.

Said Wang thesis seemed to be that when US detained Chinese in accordance US laws this was putting pressure on Chinese in US, but when Americans prosecuted under laws Communist China, this was giving Americans in China complete freedom. He categorically rejected Wang's allegation that Chinese in US whether in prison or out not free to communicate with Communist China or any other place. Pointed out that in no case had American imprisoned in Communist China been able communicate with anyone in US. Our

[3] Secto 453 from Geneva, June 16. (396.1 GE/6–1654)

list based on information received from persons leaving mainland China and collated from other sources at great expenditure effort. It not based on direct information from prisoners. He gratified, however, that relatives and prisoners would now be able communicate with each other and prisoners could receive parcels.

Johnson then said Wang apparently requesting US change its laws and regulations governing departure aliens. We could not accept this any more than we would expect them change their laws, which we had not requested. Johnson recalled he had asserted we willing look into cases Chinese students detained in states and we prepared carry this out. As to five cases of alleged imprisonment by Chinese in US cited by Wang, if Chinese had been imprisoned it was entirely in accordance with US law and they accorded full protection US laws. Said he knew of no Chinese now in jail but would be glad to have information if Wang knew of any. Again citing uselessness debating generalities, Johnson said we had given Chinese Communists specific cases and if Wang did same, progress could be made. Wang agreed should not enter into general debate and said purpose of meeting was to solve problem before US. He had no intention ask US Government change its laws. He only asked that Chinese students be given freedom return home. Said US Government must have list of 120 students since we acknowledge this number denied permission leave. However, question not one of numbers but of principle, allowing Chinese students return home. Wang then proposed two sides issue joint statement to effect that nationals of each in territory of other be allowed to return to homeland.

Johnson stated Chinese in US, as all other aliens, free to leave US in accordance with US laws and regulations. These regulations had been applied to prevent departure only 120 Chinese. Reiterated we would look into these cases. Said joint statement would not be necessary, and doubted agreement could be reached on joint statement.

Wang repeated proposal for joint statement saying this would assure Chinese students in US, who now feared apply permission return China, they would be allowed return home. Chinese Communists in joint statement would also agree that Americans can leave China without restrictions whenever they apply.

Johnson then asked whether proposed statement would cover all Americans in Communist China, including those imprisoned. Wang replied of course "law violators" belong to another category, indicating statement would not apply to them. He reiterated Chinese Communists would look into case imprisoned US nationals. List which Johnson had given him being studied and checked and would contact us when results of investigation received. Asked that

we look into cases 120 detained Chinese. Johnson replied had nothing add to his previous statements. Neither side requested another meeting, though each has agreed notify other when had information on specific cases.

Comments follow.

SMITH

No. 215

396.1 GE/6-1654: Telegram

The Under Secretary of State (Smith) to the Department of State [1]

CONFIDENTIAL NIACT GENEVA, June 16, 1954—2 p.m.

Secto 452. Re Secto 445. [2] On basis yesterday's meeting, we have reached following conclusions:

1. Communists will make no deal for releasing Americans. They have repeatedly stressed only Americans being held "law violators" and must be dealt with according law. Situation therefore is that they will presumably tell us what status of individual cases is and determine unilaterally what action will be taken.

2. However, we estimate that there is fair chance during next few months Communists will deport a number of prisoners. Fact they have acknowledged holding Americans, have discussed situation directly with us, have promised to allow correspondence with relatives and have indicated possibility commuting sentences "for good behavior" may indicate some relaxation their policy in prospect.

3. We believe chances their releasing these Americans would be increased by our release of some Chinese previously detained. Communists obviously had very little specific information on Chinese in United States and did not accuse us detaining more than 120 (which we had already admitted) although for facesaving purposes alleged that many Chinese students have been afraid apply permission leave because 120 detained. Release some Chinese would undercut latter argument.

4. Fact that Communists did not set date for next meeting but merely said would notify us when investigations our lists completed leads us believe it may be some weeks before any specific information forthcoming on Americans if at all. Fact that our lists name 83 persons scattered throughout China and probability Communists may wish carefully review status each case before notifying us gives ground believe some time may elapse before further word received from them. Also significant that yesterday unlike previous meetings Communists made no mention we would have many contacts future.

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[1] Repeated for information to Hong Kong, Taipei, and London.

[2] *Supra.*

In light above conclusions and current conference developments we propose following course action. We will ask for one more meeting with Communist representatives in order arrange for transmission exchange information re status imprisoned Americans and Chinese detained US. In conversation with Trevelyan yesterday he stressed Communists will not recognize his right negotiate for Americans but agreed could act as "letter box" for exchange information which will allow him follow situation and provide opportunity prod Communists informally. In proposed meeting we would endeavor obtain Communist concurrence this procedure.

We would like also be able tell Communists that investigation status detained Chinese in progress and as result of preliminary review we are prepared grant exit permits 10 or 15 Chinese (specifying names) and investigation and review other cases continuing. Believe we have nothing lose by this procedure and it might put certain psychological pressure on Communists inform us at time their investigation completed that some Americans were being released.

Assume Department informing families imprisoned Americans they can send letters and parcels to prisoners care of ChiCom Red Cross. Care should be taken in cases of 18 Air Force personnel and particularly 11 Navy and Coast Guard personnel indicate we do not know for certain that Communists are holding individuals named or even if they all alive.

Request Department give urgent consideration our suggestion informing Chinese Communists here some detained Chinese now free depart. In view deterioration conference situation desirable we receive information before end this week so can time meeting accordance conference developments.

SMITH

No. 216

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Telephone Conversation, Prepared in the White House [1]

[WASHINGTON,] June 16, 1954.

3:52 p m, President called Secretary Dulles re his memo [2] on Soviet Tankers en route to Communist China.

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[1] Apparently prepared by Ann Whitman, although the source text does not so indicate. The memorandum is an attachment to a memorandum for the files of the same date, also by Whitman, not printed.

[2] Not found in Department of State files.

Dulles further explained: He's rather disposed to let them go ahead on these boats. Our own hand won't be shown. Don't think it critical, one way or another.

As to our moral position, & whether we're acting in good faith, he said it isn't the kind of thing we would do openly. We're not sending American boat or plane to round up & stop this traffic. We do encourage the Chinese Nationalists who are theoretically in state of civil war. They do it in exercise of their own belligerent rights, & prevent their enemy from getting necessary materials. They take off cargo & let ships go.

Told President, if he would like to take a little more time, didn't have to settle it now.

We make the decision to extent of reconnaissance to enable them to pick these boats up. Our plane flies high, spots these boats, tells Chiang where they are, & he picks them up. He himself has insufficient reconnaissance, & can't have effective blockade. Boats are picked up on the high seas. No different from international law. Mentioned that British exercised control of picking up ships on high seas. Of course, we are doing same thing today in relation to Guatemala; it's a little illegal, but no one so far has picked it up. Got some stuff in Hamburg yesterday.

This is just a case of our giving them private help, & tipping off Chinese. We don't automatically tell them. They treat our notification to them as being acquiescence, or invitation to action. I gather in the past we haven't helped them, particularly in terms of Soviet flagships, although we have in case of Polish ships.

President said: I don't know of any reason why they (the Chinese Nationals) should not be told. I don't feel really in a position to make a decision that we should urge them to do it. They might get themselves in a fix, what the results would be I do not know. I am quite certain this would not be something for which the Soviets would try to declare war. [3]

Hardly a pretext for declaring war against us. Might possibly intensify their action. Might mean in future they would send armed convoy to protect their ships. They of course suspected that we were up to some devilry—wouldn't have happened without our connivance.

There was earlier ship we spotted last October. We were about to give information on it to Chinese so they could pick it up. Later information indicated this might have been a decoy, so let it go on

[3] On the source text, this paragraph appears at the conclusion of the paper with the heading "Insert," and the word "Insert" appears in the margin between the immediately preceding and the following paragraphs.

by. But if it looks like real stuff this time, perhaps they can catch it.

We would be in position to make a straightforward statement in event anything turns up, because it can be serious. Could say "we had no part of the action itself, which related to detention of these ships." And "as a matter of habit, we gave this information to the Chinese." Just because of our reconnaissance, can't be considered as engaging in actual war. Our naval & air forces are under instructions to defend Formosa, & this is part of our whole scheme of affairs.

President gave permission to give them the information.

No. 217

Eisenhower Library, Dulles papers, "Telephone Conversations"

Memorandum of Telephone Conversation, Prepared in the Department of State [1]

[WASHINGTON,] June 17, 1954.

Telephone Call To Mr. Brownell

[Here follows discussion concerning an unrelated matter.]

The Sec. mentioned the Chinese fellows. He would like to start on the basis of a trickle to let some of them go—say 10 or 15. We would announce this and see if they do something. We cannot get in a position of bargaining as with hostages. B. said Murphy talked with him about it and all Justice requires is a certificate from Defense that these people were not the type that would be of substantial aid. All but one of 124 are o.k. Also they must want to go. The Sec. said we would let them go. It is up to them. B. said it is up to State re making a deal of 2–3 or 4 for one. The Sec. asked how we can make progress. We would like to know something like this is going to happen before Geneva breaks up. B. doesn't know if the request should come from here or there. The Sec. will write him a letter for the record [2] asking B. to announce the release of 10 or 15 so they are free to go and he mentioned the fact that many more are cleared.

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[1] Apparently prepared by Phyllis D. Bernau; the initials "pdb" appear on the source text. A notation on the source text indicates that this conversation took place around 2:30 p.m.

[2] The letter from Dulles to Brownell, dated June 17, is in Conference files, lot 60 D 627, CF 318.

No. 218

396.1 GE/6-1654: Telegram

The Secretary of State to the United States Delegation at the Geneva Conference [1]

CONFIDENTIAL
NIACT

WASHINGTON, June 17, 1954—7:16 p.m.

Tosec 436. Re Secto 452 [2] and 465. [3] Secretary has requested Attorney General orally and in writing to begin gradual issuance exit authorizations to those Chinese students desiring return mainland whose departure from US in opinion of Defense would not be contrary to national security interests. Attorney General has agreed orally. Secretary suggested release in batches of ten or fifteen at a time, with first group to be released within day or so. There will be no implication of exchange of hostages, or arbitrary detention of Chinese. Since necessary formal clearances from Defense Department not yet obtained, no names can be mentioned at this time. On basis informal review, Defense so far has found only one individual who can not be permitted to leave. This is Chien Hsueh-shen, (FYI only guided missiles expert at Cal Tech, No.1 on list your Secto 453 [4]) and he no longer wishes to leave. 57 out of 124 on list apparently wish to return to mainland.

No objection to June 19 meeting. It is possible that first list of names may be available by then. If not, statement can be made indicating prospect of early decision.

Of five names mentioned Secto 453, none in jail so far as INS aware; three not yet identified, and two wish to remain in US.

You should of course continue refuse participate in any joint statement and should endeavor lay groundwork for resumption activities behalf American interests by Trevelyan in Peiping.

DULLES

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[1] Drafted by McConaughy and cleared with the Secretary.

[2] Document 215.

[3] Secto 465 from Geneva, June 17, reported that the Chinese had requested a meeting on June 19. (396.1 GE/6-1754)

[4] Dated June 16, not printed. (396.1 GE/6-1654)

No. 219

396.1 GE/6–1954: Telegram

The Under Secretary of State (Smith) to the Department of State

CONFIDENTIAL NIACT GENEVA, June 19, 1954—3 p.m.

Secto 475. Reference Secto 468. [1] Wang Ping-nan has informed Ronning, Canadian delegate, squadron leader Mackenzie of RCAF being held with American flyers, is alive and well and would be released. Timing his release depended in part on current negotiations with Americans. Wang indicated this connection Communists hoped Americans could make some statement that Chinese in United States free return home.

Apparently Ronning impression that Communists want American gesture re detained Chinese and if such forthcoming will probably take action on release flyers.

In order make most our decision release detained Chinese (Tosec 436) [2] we propose in next meeting do following:

1. Inform Communists we have already made preliminary survey current desires 120 detained Chinese and have learned approximately one-half no longer wish leave United States.
2. Cases all those who have indicated still wish leave being urgently reviewed on basis applicable laws and regulations in light current situation.
3. Reviews number such cases already completed, and in every case have decided grant exit permits (will supply names if received).
4. As soon as decisions made on balance cases, will inform Communists of results.
5. Will tell Communists our policy is any Chinese in United States entirely free depart for any destination his choice in accordance United States laws and regulations.
6. To counter Communists proposal for joint statement, will say we will include our statement (5 above) in our own press release after meeting.
7. Will again urge Communists take action our lists detained Americans.

SMITH

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[1] Secto 468 from Geneva, June 18, reported that Johnson's next meeting with Wang had been postponed until June 21. (396.1 GE/6–1854)

[2] *Supra.*

No. 220

396.1 GE/6-2154: Telegram

The Head of the United States Delegation at the Geneva Conference (Johnson) to the Department of State [1]

CONFIDENTIAL NIACT GENEVA, June 21, 1954—6 p.m.

Secto 493. Following is summary meeting Johnson with Wang Ping-nan held this morning at Palais des Nations:

Johnson opened with statement along lines numbered points Secto 475. [2] Gave Wang names 15 Chinese students now found eligible depart under US laws and regulations. [3] Stated following as policy US Government with respect departure Chinese and other aliens from US: "Any alien in the US is entirely free to depart for any destination of his choice in accordance with the laws of the US and pertinent regulations governing departure of aliens".

Said this statement would be included in USDel press release. Again urged Communists take action expedite release detained Maye [*Americans*].

Wang expressed gratification a part of Chinese students able return and hoped that number would not be limited to those named by Johnson today. Requested Johnson furnish list of 120 who had previously asked permission depart. Johnson replied this impracticable but would furnish names those who may be granted permission depart as become available.

Wang then gave following results "preliminary" investigation our list detained Americans: Of 32 civilians listed in prison said John B. Maye never under arrest and now living in Changsha, Hunan; William L. Winter had been arrested "for crimes committed" but died February 27, 1951 in Kwangtung. Remaining 30 on list still in prison. Cases 3 priests listed under house arrest at Foochow under investigation. As to 19 persons listed awaiting exit permits, Mr. and Mrs. Christian sailed from Shanghai June 18; Mrs. Huizer is Dutch citizen; Mr. and Mrs. Howard L. Ricks withdrew applications for exits of their own will in 1952; assume Mrs. Nadeshda Romanoff and Irene Romanoff are Mrs. N. Romanova and daughter residing Harbin.

If so, no record they have applied exit permit. Of 18 listed US Air Force personnel, following, all members Colonel Arnold's crew, died in attempting parachute over Antung: Paul E. Van Vorhiss,

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[1] Repeated for information to Taipei, London, and Hong Kong. Johnson headed the U.S. Delegation June 20–July 17, in the absence of Dulles and Smith.

[2] *Supra.*

[3] The names had been sent to Geneva in Tosec 443, June 19. (396.1 GE/6-1854)

Henry D. Weese, and Alvin D. Hart. Remaining 15 serving prison sentences. 11 Navy and Coast Guard personnel listed never captured by Communists. Two planes crashed into sea 10 nautical miles from Kwangtung coast and Communists have no information as to fate of crews.

Wang said cases all detained Americans under examination and "can be properly settled" in light of progress of discussions here. Communists will inform us when they have further information these cases.

Wang again raised subject joint communiqué and handed Johnson proposed draft. Substance communiqué was that each side had indicated its "government" will respect right "law abiding" nationals and students of other side residing its territory leave for own country.

Johnson reiterated our doubt ability two sides agree any joint statement. Pointed out this statement on US policy covered substantially same ground and it would be released to press. Communists perfectly free issue own statement to press.

Wang proposed making joint communiqué part of "common record" of meeting in order indicated "mutual understanding" this subject reached both sides. Johnson pointed out whatever was said or proposed in meeting became part of record of meeting. He had nothing further to say on proposed communiqué. Wang read prepared statement expressing regret we had not agreed issue joint communiqué or make it part of record.

Wang then raised entirely new subject. Said that in 1950 US Government asked UK to take charge American interests in China, but conditions at that time made this impossible. Now, however, PRC ready consider this on mutual basis. Suggested that US might ask diplomatic mission in China of third country having diplomatic relations with both Peiping and Washington take charge American interests in China. PRC would in like manner request third country having diplomatic relations both parties take charge interests Chinese nationals and students in US.

In reply Johnson stated Wang had raised subject beyond scope these discussions which he not prepared discuss. Johnson then indicated his belief further discussions between himself and Wang no longer necessary. We had reached point now where it was simply matter of exchanging information as to progress of investigations respective cases and reporting what action being taken. Suggested staff officers might be designated by each side for purpose passing on information.

As to future, when conference over, said if any cases still pending or new cases arose we could inform Communists through Mr.

Trevelyan and they could do same with respect cases involving Americans in China.

Wang made no reply re Trevelyan, but he agreed each side appoint staff officers to continue contacts here. Comments follow.

JOHNSON

No. 221

396.1 GE/6-2154: Telegram

The Head of the United States Delegation at the Geneva Conference (Johnson) to the Department of State [1]

CONFIDENTIAL NIACT GENEVA, June 21, 1954.

Secto 494. While we deliberately refrained giving detailed information to press with respect to dead and missing Americans, Communists have done so. In our press release [2] we merely stated Communists have given some information re detained Americans which would be communicated to relatives by appropriate US Government agencies.

2. As result today's meeting we at least know who Communists are holding in various categories. Fact they refrained from indicating what sentences passed, et cetera, but said cases could be settled in light discussions here encourages us believe they maintaining flexibility to permit early release some Americans.

3. Communist reaction our policy statement and decision release 15 students previously detained appeared favorable. They repeated my statement five times in post-meeting press conference. Believe we have done all we can and next move up to them. Suggest further names of releasees be withheld from Communists pending concrete information as to Communist intentions re release detained Americans.

4. We have endeavored both in meetings and press releases avoid implications arbitrary detention Chinese exchange of prisoners emphasizing Chinese students detained accordance pertinent regulations and cases being examined this basis. Unfortunately press reports used word "agree" to release Chinese students in general context we negotiating exchange prisoners.

5. Though we had decided before meeting propose end Johnson-Wang discussions, Communist proposal re appointment protecting

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[1] Repeated for information to London, Hong Kong, and Taipei. No transmission time is indicated on the source text.

[2] A copy of the press release issued by the U.S. Delegation on June 21 is in Conference files, lot 60 D 627, CF 318.

powers gave further impetus our decision to put end to contact on this level. Further discussions this level would only encourage Communist delay action release Americans in hope political advantage.

6. Communist press briefing gave full factual account meeting including proposal on representation interests and my statement latter point as beyond scope these talks. We made no mention representation interests proposal in our press release briefing and will reply any inquiries by confirming that I had replied was beyond scope these talks.

7. In "staff officer" meetings for exchange information believe desirable designate officer with detailed knowledge subject. Believe Alfred Jenkins, Office of Chinese Affairs, well qualified officer of appropriate level maintain this contact. Recommend he proceed Geneva as soon as possible following arrival Washington Wednesday afternoon of Martin who will be prepared give full briefing on present situation.

8. Have discussed today's meeting with Trevelyan, who leaving for Peiping today. Trevelyan requested that Consul General Hong Kong pass on to Hong Kong Government political adviser any information re detained Americans received Geneva for relay British mission Peiping. We agreed.

JOHNSON

No. 222

961.53/6-2254: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State [1]

TOP SECRET TAIPEI, June 22, 1954—5 p.m.

702. I learn from Chinese sources their Navy being instructed seize 3 Soviet tankers should they pass vicinity of Formosa on voyage north. Present position between Singapore and Manila. Cargo reportedly 27,000 tons jet fuel. Request Department give most careful consideration to following points based on information available here:

1. Chinese legal case for recent seizures Polish ships appears uncertain enough while similar action against Soviet vessels on high seas would seem indistinguishable from piracy.

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[1] Also sent to CINCPAC.

2. It will be generally assumed in this part of world at least that Chinese Navy would have little chance of locating these ships without US help.

3. Another general assumption will be that President Chiang would never order such seizure unless information re location had come through US official channels (presumably ALUSNA Taipei) with consequent implication that US approved interception.

4. Soviet ships may well be given air cover from China mainland. [2]

RANKIN

[2] The Department replied in telegram 946 to Taipei, June 23, approved by Murphy, which reads:

"Department has no information which would support assumptions stated in points two and three your 702. Matter is not responsibility of this Government and you should refrain from influencing Chinese Government in this matter. You should avoid discussions which might lend color to the unwarranted assumptions which you mention. US personnel should avoid open interest in or association with this incident." (961.53/6–2254)

No. 223

795.5/6–2254

The Ambassador in the Republic of China (Rankin) to the Secretary of State [1]

SECRET
OFFICIAL–INFORMAL

TAIPEI, June 22, 1954.

DEAR MR. SECRETARY: The Chinese Minister of Foreign Affairs has asked me to forward for your personal attention the "Agreed Minutes," [2] which he prepared and which correctly summarize his talk with me on June 17. This referred to your conversation of May 19 with Ambassador Koo regarding a proposed Chinese-American Security Pact.

[1] Filed with a memorandum dated July 21 from Drumright to Dulles.

[2] The "Agreed Minutes", attached to the source text, summarized a conversation on June 17 between Rankin and Foreign Minister Yeh, in which Yeh commented on Secretary Dulles' May 19 conversation with Ambassador Koo (see McConaughy's memorandum of conversation, Document 193). Yeh stated that the purpose of the proposed pact was political rather than military, that it would not increase U.S. military commitments, and that if Dulles was concerned that an attack on Taiwan might be brought about by a Nationalist attack on the mainland, his attention should be drawn to President Chiang's promise that the Chinese would not launch any major military operation against the mainland without prior consultation with the United States. Rankin then asked whether the Chinese Government would be prepared to enter into a firm understanding that it would not take major offensive action against the mainland in the face of U.S. objections; Yeh replied that such an understanding should not be incorporated in the pact but said that he would consult President Chiang.

After the Minister handed the enclosed minutes to me yesterday, we discussed the dilemma now facing Free China: As far as its leaders can see, present United States policy envisages neither enough military aid to create significant offensive power on Formosa, nor yet the extension of such security and political support as a bilateral pact would provide.

While fighting continued in Korea, of course, Free China had certain offensive capabilities relative to available Communist strength. As you know, the military effort of Red China in the Korean theater represented nearly the limit of its capabilities. While maintaining large forces in other areas, the Chinese Communists possessed neither the military equipment nor the supply facilities to carry on sustained combat outside Korea, except on a very minor scale. During that period it was quite feasible and desirable that Free China should mount raids on Communist-held territory, for diversionary and other purposes. Formosa could not only have spared the three divisions, without equipment, which were offered for Korea, but could have undertaken larger offensive operations against the mainland, had the United States been willing to provide naval and logistic support.

During the past year, however, the picture has changed more than most people realize. Communist military strength on the mainland opposite Formosa has grown faster than that of Free China. Future raids on Red territory are liable to be very costly, except for small scale intelligence and sabotage operations. In fact, it seems prudent to assume that total Chinese Communist military strength today is not only greater than that of our friends and allies in this area, but that it is growing faster. Any possibility of significant offensive operations by Free China, therefore, would seem to be contingent upon one or more of the following:

a. Involvement of Red China in large scale hostilities in another theater.
b. Development of serious internal weaknesses behind the Curtain.
c. Modification of American policies and amplification of aid programs.

The Chinese Communists doubtless are aware that Free China presents no serious military threat to them under present conditions, and that there is no indication of any change in this situation which would be other than to their advantage.

In general, the United States seems not to have followed a policy of assisting its friends abroad to develop offensive military capabilities. Something of the kind is foreseen for Free China in our policy papers, however, and it still would be possible to create a Chinese army on Formosa which would have significant offensive power.

Under various circumstances, the mere existence of such an army, and the possibility of its being used offensively with United States naval, air and logistic support, might make unnecessary its actual employment in combat. The Chinese Reds would have something very serious to worry about.

But if we were to give Free China important offensive military capabilities, we should not want them to be used offensively without our consent. In informing President Chiang, on February 1, 1953, of the "deneutralization of Formosa," I felt it wise to take the initiative in obtaining his promise to "undertake no significant attacks on Communist-held territory, especially if aircraft, tanks etc. (were) involved, without first consulting General Chase." (Taipei telegram 784 of February 1, 1953.)

My conversation with the Foreign Minister on June 17 seemed an appropriate occasion to stimulate Chinese official thinking about a possible further commitment on their part not to initiate major military action independently. You will note in the last paragraph of the enclosed minutes that I inquired whether they would give us a firm undertaking to avoid such action if we objected. (Understandings to date have provided simply for prior consultation under specified conditions.) The Minister raised the question with President Chiang and later told me that the President preferred to discuss this point only after the conclusion of a bilateral treaty was substantially assured. I am confident, however, that guarantees could be obtained on this point in the event that we should decide to give Free China offensive military power, or a bilateral security pact, or both.

Kindest personal regards.

Sincerely yours,

K.L. RANKIN

No. 224

961.53/6-2454: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

SECRET PRIORITY TAIPEI, June 24, 1954—3 p.m.

711. Embtel 702. [1] Two Chinese destroyer escorts at 8 a.m. local time June 23 stopped and boarded Soviet tanker *Tuapse* midway

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[1] Document 222.

between Luzon and Formosa. After tanker crew sitdown strike of several hours vessel was brought into Kaohsiung 7 a.m. June 24.

Second Soviet tanker *Leningrad* identified off coast Indochina following same course as *Tuapse*.

Chinese Navy awaiting arrival *Leningrad* and expects take over vessel late afternoon June 25.

Chinese Foreign Minister Yeh informs me he opposed any seizure Soviet vessels on high seas and his view had concurrence Chief Staff General Chou Chi-jou.

RANKIN

No. 225

396.1 GE/6-2954: Telegram

The Head of the United States Delegation at the Geneva Conference (Johnson) to the Department of State

SECRET GENEVA, June 29, 1954—8 p.m.

Secto 543. No word as yet from Communists re staff level meeting. Continue believe next move up to them.

At next meeting Jenkins plans take following steps:

(1) Add Haeslop (Tosec 483) and Huang (Hong Kong 2651) [1] to list desiring exit permits.

(2) Express disbelief Mr. and Mrs. Ricks voluntarily withdrawn applications leave Shanghai (Seoul 1393). [2]

(3) Attempt elicit indication Chinese Communist do or do not retain additional US military personnel (Secto 515). [3] Will make inquiry substantially as in second paragraph Secto 415, [4] avoiding direct question which would doubtless force negative answer in view implication violation armistice terms.

(4) Comment as appropriate (appreciation and/or disappointment) on information received, assuring them we will call meeting soon as we have information for them. (Otherwise implication is we had information yet failed call meeting immediately.)

(5) Confirm present arrangements continue for calling next staff meeting.

(6) If on any pretext Communists consider substantive issue has arisen requiring higher level meeting will attempt insist as appropriate, (1) matter outside proper context these meetings at any level or (2) is in fact exchange information appropriate to staff

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[1] Neither printed.

[2] Not printed.

[3] Secto 515 from Geneva, June 24, reported that the Chinese had thus far been noncommittal about whether or not they held additional U.S. military personnel and had limited their discussion to the specific lists provided by Johnson. (396.1 GE/6-2454)

[4] Document 212.

level handling. Failing this, will state willing seek guidance from appropriate authorities and inform later.

Communists not likely raise for substantive discussion at staff level subject of representational mechanism to apply after close Geneva conference and this series meetings. If they should do so, will reply subject beyond scope these meetings. Even at first staff meeting however they may ask when they may expect reply to Wang proposal (third from last paragraph Secto 493).[5] Jenkins could then ask when we will receive reply to my suggestion last sentence next to last paragraph reference telegram. Chinese answer may well be "not before talks resumed on level appropriate handle this question."

Sooner or later we should at some level attempt obtain agreement on post-Geneva representational arrangement. Obviously we cannot accept Wang proposal "third country having diplomatic relations both parties take charge interests Chinese nationals and students in US," since these interests already in hands Government of China.

My suggestion was far more limited two-way "letter-box" arrangement to be carried on entirely in Peiping. We can attempt secure agreement to this, but even if Communists agree to restricted letter-box service in principle they will almost certainly insist on reciprocal arrangement in Washington handled by Soviets or possibly Indians if British handle our interests Peiping. Washington even as letter-box site undesirable and believe should avoid even if arranged so as not to interfere with Government of China representation and protection interests its citizens in US.

Believe preferable from our standpoint counter with proposal British handle two-way communication through London only. They may counter with suggestion British handle our interests London and Soviets handle theirs London. Do we accept this?

We might alternatively suggest Swiss or even Indians handle two-way in Peiping only, or two-way in Bern or New Delhi if Swiss or Indians agreeable.

We may find it difficult get Americans-in-China bait off Chinese Communist political hook without getting politically hooked. Request instructions for present background guidance and for action when appropriate time comes.

JOHNSON

[5] Document 220.

No. 226

Secretary's Memoranda of Conversation, lot 64 D 199

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy)

SECRET [WASHINGTON,] July 1, 1954.

Subject: Far Eastern Situation

Participants: Dr. Wellington V. Koo, Chinese Ambassador
The Secretary
Walter P. McConaughy, Director for Chinese Affairs

Ambassador Koo said he was leaving Washington about July 15 for approximately a month of consultations with his Government in Taipei.

He asked if the Secretary could tell him anything about the recent high-level talks with Churchill and Eden. [1]

The Secretary said that the Joint Declaration by the President and the Prime Minister [2] set forth joint principles and purposes which should have some value. It was unfortunate that the British had been unwilling to enter into "United Action" discussions in early April, as proposed by the United States. [3] The British had made a mistake in insisting that action be postponed until the attitude of the Communists at the Geneva Conference was known. The Secretary said he knew before hand what the attitude would be. The situation is far more difficult now than it was in early April. At that time a strong joint stand might have been effective. Now we are trying to pick up where we left off in early April, under far more disadvantageous circumstances. The British were rather annoyed at the reference in the Secretary's speech at Los Angeles on June 11, to Secretary Stimson's effort in 1931 to obtain collective action to restrain Japanese aggression in Manchuria. The Secretary said that he felt he has received "a plain rebuff", as Stimson had in 1931. He felt history is repeating itself.

The Secretary said that the outlook on the Chinese Communist recognition and UN membership issue was not reassuring. It is feared that the French will recognize Communist China as a part of any political settlement which they may reach. The Canadian

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[1] For documentation concerning the Churchill–Eden visit to Washington, June 25–29, see volume VI.

[2] The text of the Joint Declaration issued by President Eisenhower and Prime Minister Churchill on June 29 is in Department of State *Bulletin*, July 12, 1954, pp. 49–50.

[3] Dulles proposed "united action" in opposition to aggression in Southeast Asia in his speech of Mar. 29, 1954; for text of this speech, see Department of State *Bulletin*, Apr. 12, 1954, pp. 539–542. Related documentation is in volume XII, Part 1.

position on the issue is becoming very soft. Churchill and Eden had indicated that they felt it would be difficult to keep the Chinese Communists out of the UN indefinitely, if a settlement should be reached in Indochina. Both the President and the Secretary had been very firm on this issue in the conversations. They had taken a strong position, which possibly had made some impression on Churchill and Eden. There was some difference of approach to the problem as between Churchill and Eden. Churchill showed more understanding of the U.S. position, while Eden seemed more responsive to the influence of India.

In response to a question from the Ambassador, the Secretary said that there was some hope that the British would continue to observe the informal "moratorium" agreement, [4] at least until the next regular session of the GA in September, and possibly for a time beyond that. However, there is no commitment on the part of the British. In answer to another question, the Secretary said that the issue unquestionably was substantive rather than procedural, and should be decided by a two-thirds vote. The question was of fundamental importance and was not a mere question of accreditation to be decided by a Credentials Committee. It was in no way comparable to a question of accepting or rejecting the credentials of rival delegations from, say a small Central American country. The Secretary said he felt the question was subject to a veto in the Security Council.

[Here follows discussion relating to Indochina.]

The Ambassador asked if the U.S. Government could not make some official statement which would show its interest in the protection of the offshore islands. A U.S. statement would have psychological value. The Chinese thought if we could not formally include the islands in the U.S. defense zone, at least a statement that the U.S. Navy would patrol the waters adjacent to the offshore islands, would have a deterrent effect on the Chinese Communists.

The Secretary remarked that vessels of the 7th Fleet had recently conducted a patrol in the vicinity of the Ta'chen Islands. This had undoubtedly been observed by the Chinese Communists. He felt that actions spoke louder than words. He thought there would undoubtedly be other U.S. naval patrols in the vicinity of the offshore islands. In response to a question from the Secretary, Mr. McConaughy confirmed that the Chinese are free to use the military hardware provided through MAAG on the offshore islands if

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[4] For documentation concerning the informal U.S.-British agreement of June 1, 1951, that both would support postponement of the question of Chinese representation in the United Nations, see *Foreign Relations*, 1951, vol. II, pp. 245 ff.; for documentation concerning the continuation of the "moratorium", see vol. III, pp. 620 ff.

they wish to do so. Also by a system of rotation, Chinese forces who have benefited from MAAG training on Formosa, can be used on the offshore islands. There is no geographic limitation on the use of MAAG assistance in the areas controlled by the Chinese Government. It is true that MAAG officers are not stationed on the offshore islands, but it is presumed that the Chinese Government is not suggesting any change in this respect.

The Ambassador confirmed that he was not requesting that MAAG officers actually be stationed on the offshore islands. He seemed satisfied with the reply given him.

The Secretary mentioned the recent seizure of a Soviet tanker by the Chinese Navy, and jokingly said, "You may get yourselves in a real war that way". The Secretary mentioned Soviet complaints at the reconnaissance activities of U.S. planes over the high seas in the Far East. [5] The Secretary said that there was no foundation for the complaints, and said that our planes would continue to carry on reconnaissance over the high seas where it was part of their mission to do so. He said it was probably true that U.S. planes had observed Soviet ship movements in Far Eastern waters.

The Ambassador asked the Secretary if he could clarify a statement reportedly made by the President in a press conference the preceeding day, to the general effect that the United States would not be a party to the enslavement of any people. Specifically, the Ambassador wanted to know what would be the U.S. attitude following a partition of Viet Nam if the Vietnamese south of the demarcation line should endeavor to come to the assistance of their enslaved fellow countrymen on the Communist side of the line.

The Secretary said that he would not attempt to enlarge upon the President's remarks, since he did not know the context, or precisely what the President had in mind. An impromptu answer to a press inquiry could not be formulated with the accuracy or precision of a State document. Generally speaking, it could be stated that this Government, while it might not be able to do all it would like to assist victims of Communist enslavement, did not approve any arrangement which subjected free people to Communist enslavement, nor was it disposed to interfere with peaceful efforts to bring about their liberation.

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[5] In a note of June 24 concerning the seizure of the *Tuapse*, the Soviet Union had charged that "seizure of a Soviet tanker by a war vessel in waters controlled by the U.S. naval fleet could be carried out only by naval forces of the U.S." The texts of the Soviet note and the U.S. reply of June 26, which rejected the Soviet allegation that U.S. Naval Forces had seized or interfered with the *Tuapse*, are printed in Department of State *Bulletin*, July 12, 1954, p. 51. Documentation on earlier Soviet protests at the reconnaissance activities of U.S. planes in the Far East is scheduled for publication in volume VIII.

No. 227

396.1 GE/6–2954: Telegram

The Secretary of State to the United States Delegation at the Geneva Conference

SECRET WASHINGTON, July 1, 1954—7:18 p.m.

Tosec 509. Secto 543. [1] Steps 1 to 6 approved.

Re post-Geneva arrangements you should continue refuse discuss question representation Chinese in US with Communists. Suggest you reiterate that we will continue make inquiries re status any pending cases detained Americans through Trevelyan and indicate Communists could use same channel for inquiries re cases Chinese refused permission leave US for Communist China. Inquiries by Chinese Communists can be answered only if they pertain directly to those Chinese in US who have signified intention departing for territory controlled by Communist regime; other questions pertaining Chinese in US not subject inquiry by Peiping either during or after Geneva Conference.

If Communists reject Trevelyan as channel communication you should not make any other proposal. While Dept willing consider Swiss or Swedes as alternatives doubt that this would solve problem as Communist refusal deal with Trevelyan would probably stem from their objection dealing with third country representative in Peiping while we unwilling reciprocate rather than to British representative per se. Dept not willing consider any arrangement giving Peiping third country representation in US even for limited purpose exchange information on detained Americans. Also objects our proposing British handle two-way communication London as likely provoke Communist counter our Embassy there deal directly with Peiping's.

While Dept agrees next move up to Communists you might consider feasibility prodding them e.g. might inform them Jenkins appointed for "staff officer" contact and inquire their action and/or selected US correspondents could be asked question Communists at press conference what action being taken on detained Americans.

Planning inform you as students mentioned Tosec 443 [2] actually depart US.

DULLES

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[1] Document 225.

[2] See footnote 3, Document 220.

No. 228

793.11/7–854

Memorandum by the Ambassador in the Republic of China (Rankin) to the Secretary of State [1]

CONFIDENTIAL [WASHINGTON,] July 8, 1954.

Subject: Message from Generalissimo Chiang Kai-shek.

President Chiang asked me to call on him at 9:45 a.m. June 28, just before I left Taipei for Washington, and requested that I transmit a "personal" message to President Eisenhower and Secretary Dulles. The substance of the message, which he gave me orally, punctuated by asides from both the President and the Chinese Foreign Minister, was as follows:

It appears that an agreement will be reached on Indo-China. The President is not disturbed by this because the end result would be the same whether there is partition, or general elections are held and/or Laos and Cambodia are recognized as neutral. The final result would be the taking over of the entire areas by the Communists.

Only by building up anti-Communist strength in East Asia (Republic of Korea, Free China, etc.) can the Indo-China situation be influenced effectively. It is in this area that our military aid funds should be used as much as possible rather than emphasizing Indo-China itself.

As regards any regional defense system for the Far East, the President believed that we should not count on any real support from the U.K. and France. They could be included, of course, but to ask them for any substantial effort in this connection would be like asking a tiger for his skin.

The President did not pretend to be an authority on European affairs, but as seen through Asian eyes he considered it a mistake to base the EDC concept on France. There was too much Communist influence in that country. China's experience on the Mainland with only three Communists on the PPC indicated how much trouble the much larger Communist representation in the French Chamber of Deputies would influence matters.

President Chiang expressed the opinion that American military aid should be extended only to countries which either had made Communist activities illegal or at the very least excluded them from Government positions, as done in the United States.

He then remarked that he had read press reports of President Eisenhower's recent speech in which the need was mentioned for Japan to trade with Mainland China. [2] President Chiang thought it

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[1] Rankin spent 3 weeks in Washington in July; he briefly describes some of his meetings during that time in *China Assignment*, pp. 197–198.

[2] Reference is to a speech given by Eisenhower before the National Editorial Association on June 22; see Document 772.

dangerous for Japan to develop such commerce as long as Communist activity in that country was legal. If it was suppressed and the trade in question strictly controlled, however, perhaps no harm would be done. As matters were developing it seemed to him likely that Communist influence in Japan would grow and that in consequence Japan would become another France. In that event Japan could never serve as a base for an anti-Communist grouping in the Far East.

With regard to a possible bilateral mutual defense agreement between Free China and the United States, the President said that in connection with such an agreement the Chinese Government would be prepared to expand its consultative commitments. He would seek the prior agreement of the United States before undertaking any important military action.

The President again asked that I transmit the foregoing to President Eisenhower and to you.

Recommendation: That you sign the attached memorandum for the President transmitting subject message from the Generalissimo. [3]

[3] The message was transmitted with a memorandum of July 12 from Dulles to Eisenhower. (793.11/7–1254)

No. 229

948.53/7–954: Telegram

The Secretary of State to the Embassy in the Republic of China [1]

CONFIDENTIAL
PRIORITY

WASHINGTON, July 9, 1954—8:22 p.m.

24. Department concerned at continued Chinese detention Soviet tanker *Tuapse* and considers immediate release advisable. Department knows of no grounds recognized by international law on which tanker could be confiscated. You should take up matter urgently with Foreign Minister pointing out apparent lack of legal warrant for continued detention of vessel and crew, and risk of Soviet reprisals which might have far reaching repercussions for other Governments as well as Chinese. You should ask to be informed of approximate date of intended release of vessel and those of crew who do not wish to claim political asylum.

Ambassador Rankin has seen this message and concurs. If in your judgment your hand would be strengthened thereby, you may request Foreign Minister to deliver substance of foregoing to Presi-

[1] A note on the source text states that the telegram was sent at the direction of the Under Secretary; it was drafted by McConaughy.

dent Chiang, prefaced by statement that Rankin has learned that high levels this Government concerned over possible consequences further detention vessel and crew.

DULLES

No. 230

961.53/7–1354: Telegram

The Chargé in the Republic of China (Cochran) to the Department of State

TOP SECRET PRIORITY TAIPEI, July 13, 1954—6 p.m.

37. Substance Deptel 24, July 9 regarding release Soviet tanker *Tuapse* was conveyed to Foreign Minister at his home (he has been and still is ill with fever) at 4 p.m. July 10 local time. He commented that he had opposed the seizure from the beginning but President had relied on other advisors. (Believe reference was to military and naval officers on Presidential staff.) Foreign Minister asked if I would provide him gist of Department's message in writing to show President Chiang. I prepared paraphrase and delivered it to Dr. Yeh at 5 p.m. July 10.

On receipt Deptel 26, [1] July 12, 7 p.m., I sought interview with Foreign Minister Yeh but he was still ill and unable see me. At suggestion Foreign Office I went to see Vice Minister Shih [2] 4 p.m. today who informed me that message regarding *Tuapse* had reached President Chiang and ship was still being held "pending further investigation". The implication of ignoring Department's recommendation for immediate release was clear.

As for Department's 26 regarding two tankers which left Singapore yesterday, Dr. Shih said the message would be delivered promptly to President. He commented that press reports indicated two Soviet freighters had also sailed simultaneously from Singapore, and remarked that the possible Soviet naval escort of the tankers might not necessarily be surface but could be submarine.

COCHRAN

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[1] Telegram 26 to Taipei, July 12, stated that, according to Associated Press reports, two Soviet tankers had that day left Singapore north-bound and that they might have Soviet naval escorts. It instructed the Embassy to inform the Foreign Minister in strict confidence and to point out the "inadvisability" of any interference with the tankers by the Chinese Navy "in view possible grave risks involved." (961.53/7–1254)

[2] Administrative Vice Minister of Foreign Affairs Shih Chao-ying.

No. 231

790.5/7-1654

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy)

CONFIDENTIAL WASHINGTON, July 16, 1954.

Subject: Far Eastern Situation

Participants: Dr. Wellington Koo, Chinese Ambassador
Mr. Drumright, Acting Assistant Secretary, Far Eastern Affairs
Mr. McConaughy, Director, Office of Chinese Affairs

Ambassador Koo inquired as to the prospects for a Far Eastern Collective Security Pact.

Mr. Drumright said that the intention was to push ahead actively with the negotiations of a Collective Security Pact. [1] Initially it would probably only include Southeast Asia. But it might be "open-ended" with provision for later adherence by states outside the area of Southeast Asia. There might be some possibility of later adherence of the Chinese Government and other Far Eastern Governments.

[Here follows discussion concerning Indochina and the prospective collective security pact for Southeast Asia.]

The Ambassador asked about the present prospects for the negotiation of a bilateral security pact between his Government and the U.S. Government. He said that his Government had been disappointed by the Secretary's rejection of the Chinese overture for such a treaty. His Government was still interested in negotiating such a treaty, and had not entirely abandoned the idea since the Secretary had indicated that the matter was subject to reexamination in the light of developing circumstances.

Mr. Drumright said that there had been no change in our position since it had been communicated by the Secretary to the Ambassador. He mentioned that Ambassador Rankin was seeing the Secretary in the course of the following week, and Mr. Rankin expected to put the Chinese position to the Secretary at that time. [2]

Ambassador Koo remarked that of course if Free China were included in a multilateral Security Pact, this would be even better than a bilateral pact.

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[1] For documentation concerning these negotiations, see vol. XII, Part 1, pp. 1 ff.

[2] A memorandum of July 21 from Drumright to Dulles states that Rankin was to see the Secretary on July 22 and that it was anticipated that the subject of a U.S.-Chinese pact would be discussed. (795.5/6-2254) No record of this conversation has been found in Department of State files.

Ambassador Koo asked about the Chinese representation issue in the UN.

Mr. Drumright said that the outlook has improved as a result of the recent statement of Prime Minister Churchill in the House of Commons to the effect that the time was not ripe for the admission of Communist China to the UN. [3] We now expect that the "moratorium agreement" will continue for at least a year and that the British will support the exclusion of Communist China in the next session of the General Assembly. Mr. Drumright mentioned the excellent statement made by the Secretary on July 8 setting forth our reasons for opposing the admission of Communist China to the UN. [4] He recommended to the Ambassador that he obtain the full text of this statement and transmit it to his Government, if he had not already done so.

The Ambassador remarked that he had recently gone over the situation with T.F. Tsiang, Chinese Ambassador to the UN. They had endeavored to forecast the probable vote, and were endeavoring to contact the delegations of all the doubtful states. Assistance from the U.S. would be needed in contacting some of the Delegations. The Ambassador said that his Government naturally would prefer to have a clean cut and forthright decision on the substance of the representation issue, rather than a mere postponement of the question for another year. Outright rejection of Chinese Communist pretensions on the merits of the issue was highly desirable. However, the Chinese Government recognized that it might be risky to precipitate such a show down. His Government recognized that the prospects of obtaining a favorable vote would be better if the issue were merely one of postponement without a decision on the substance of the issue. Ambassador Koo remarked that in his view the favorable British position as expressed by Churchill in the House of Commons was a direct result of the forthright expression of the U.S. position by the President and the Secretary of State. It was his conclusion that whenever the U.S. took a firm stand on a basic issue, our Allies fell into line. When our position was equivocal or vacillating, the Allies were apt to follow a divergent course with harmful consequences.

The following questions were touched on briefly:

As to the detained Soviet Tanker, the Tuapse, Mr. Drumright mentioned the dubious legal grounds for holding the vessel indefi-

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[3] For Churchill's comments on this subject, made on July 12, see *Parliamentary Debates,* House of Commons, 5th Series, vol. 528, cols. 492–495; see also Eisenhower's messages of July 7 and 12 to Churchill and Churchill's message of July 9 to Eisenhower, scheduled for publication in volume VI.

[4] For Dulles' comments on this subject at a July 8 news conference, see Department of State *Bulletin,* July 19, 1954, pp. 87–89.

nitely and remarked that there was some risk of Soviet retaliatory action. It was thought that some Soviet built submarines were available for Communist use in the area, under either the Soviet or Chinese Communist flag. The Ambassador said that about two weeks ago he had communicated to his Government urging release of the Soviet tanker.

The Ambassador mentioned the case of the Chinese Marine Officer, Hsuan Wei, who has deserted in the U.S. and expressed the hope that he could soon be returned to Formosa. Mr. Drumright said that under U.S. laws it had been necessary to turn this officer over to the U.S. Immigration and Naturalization Service. His case would be processed as rapidly as possible under our deportation laws, but there might be delays and difficulty if Hsuan took the legal steps available to him in this country.

As to the protection of the Off-Shore Islands, Mr. Drumright mentioned that a patrol from the U.S. 7th Fleet occasionally made a sweep in the vicinity of the Ta Chen Islands, and other such sweeps would probably be made in the future.

As to the U.S. Assistance Program, Mr. Drumright said there was some question as to the maintenance of the aid programs at existing levels. But no great change was anticipated in the existing levels. There might be some cut in funds for the next fiscal year because of failure to obligate funds at a maximum level but it was expected that delivery schedules would not be affected. An effort would be made to make up the short fall in deliveries from previous fiscal years. There was some feeling in the Pentagon that the Chinese Combined Service of Supply was not fully efficient and that Chinese combat capabilities could be improved by a reorganization of the Service of Supply. The report of the Van Fleet Mission would probably be made shortly and would probably have some influence on the course of the assistance programs for the Far East. Mr. Drumright noted with gratification the successful inclusion of a large number of Formosans in the Chinese Military Training Program. Mr. Drumright assured the Ambassador that there would be no deviation from our present course of assistance and support to the Chinese Government and authorized him to convey this word to President Chiang Kai-shek. The Ambassador said that he would be glad to take this message to President Chiang Kai-shek. The Ambassador expects to leave Washington on July 17 for consultation in Taipei, and to return and resume his post in about a month.

No. 232

396.1 GE/7-1654: Telegram

The Head of the United States Delegation at the Geneva Conference (Johnson) to the Department of State [1]

CONFIDENTIAL NIACT GENEVA, July 16, 1954—7 p.m.

Secto 624. Comments first staff level meeting on Americans in China (Secto 623). [2]

1. Communists engaged in no abuse or polemics and made no reference to our previous rejection their suggestions re joint communiqué, joint record and third party representation. Also registered no complaint we called meeting without definite news on students. Gave no evidence of discontent with staff level arrangement. Meeting was courteous, but relaxed, atmosphere informal but with seriousness appropriate to subject.

2. Fact Communists had no news on Americans not surprising since they would be expected to call meeting if had anything to say. Impossible determine why Communists have no news yet. Could still be due necessary procedural delay, especially in view indication Communists may be communicating with Peiping by mail (Secto despatch 7 paragraph 4). [3] On other hand may well be due intransigence arising from their failure make significant political capital from protracted high level talks and joint pronouncements. Whatever the cause, both Jenkins and Ekvall thought they detected slight evidence discomfort or embarrassment on Pu's part when he had to admit had no information whatever at fifth meeting in six weeks.

3. Pu's posture of pleasant reasonableness, while perhaps noteworthy especially in view his previously unsullied record of arrogance and vituperation in worst Communist tradition, may mean nothing more than Communist desire not to rock boat at crucial time of conference.

4. In view atmosphere of meeting and with eye to future, decided not to attempt inspire vitriolic press accounts with Geneva dateline at present time. Believe if accounts of such flavor originated in US would not necessarily have same possibly adverse effect on efforts here, but suggest they not be inspired at least until results next

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[1] Repeated for information to London, Hong Kong, and Taipei.

[2] Secto 623 from Geneva, July 16, reported that Jenkins had met that day with Pu Shan, a secretary to the Chinese Delegation. At that meeting Jenkins had given Pu a revised list of the Americans detained in Communist China and had said that he hoped to have further word concerning the Chinese students in the United States "before too long." (396.1 GE/7-1654)

[3] Not printed.

meeting known. This is close judgment, however, in view temptation play on Communist heightened sensitivity before end of conference which may be very near. If reliable press should show interest in reviewing full story to date written factually, but with deep concern, Department may wish cooperate by furnishing materials.

5. For fear relatives might be given idea some cases given greater emphasis than others and also might prompt endless questions from press possibly prejudicial our efforts, we did not give press names involved in revising list. Communists may do so, however.

6. From facial expression Pu appeared get implication of oblique question primarily intended elicit information re possibility other military personnel being in Communist hands. He did not address himself to this and for reasons previously stated, we did not return to it.

7. We did not act on London's 257 [4] at this meeting believing Department would first wish consult with Treasury and carefully weigh possible effects of prolonging detention, even if somewhat alleviating plight, of Americans in view Communist avidity for even small amounts foreign exchange. Request instructions.

8. Now appears very possible Communists will not initiate meeting before July 20. If Department still intends on basis rule of law allow some 57 Chinese students depart regardless Communist performance with respect Americans, believe we should have list of some 12 for early use. Perhaps even Monday or Tuesday if pace of conference permits. It may prove propitious open both barrels through press next week if no Communist action by then, and second release students would point up our action based on legal procedures and is not outright swapping of hostages.

JOHNSON

[4] Telegram 257 from London, July 14, reported a British suggestion that Jenkins ask the Chinese if money could be sent through the Chinese Red Cross for local purchases by the imprisoned Americans. (396.1 GE/7-1454)

No. 233

790.00/7-1754: Telegram

The Ambassador in India (Allen) to the Department of State [1]

SECRET NEW DELHI, July 17, 1954—5 p.m.

69. Justice Douglas [2] had two-hour talk with Nehru at lunch yesterday. He tells me Nehru spoke at length re Chou En-lai visit. [3] Nehru says he pointed out to Chou that both India and China were believed by some of their smaller neighbors to have imperialist ambitions, citing Ceylon's concern over Indian intentions and Burma's uncertainty regarding Communist infiltration. Chou is said to have answered that both India and China must take active steps to overcome this apprehension. As regards Burma, Chou assured Nehru he would calm fears in Rangoon. [4]

Nehru said he telegraphed foregoing to U Nu, suggesting latter express GOB concern direct to Chou when latter arrived in Rangoon. According to Nehru, U Nu did this, and received categorical assurance that Peking would not interfere in internal Burmese affairs. Chou is stated to have gone further and declared his government would soon issue public statement advising all Chinese living outside China to become loyal citizens of country in which they reside. If they could not become citizens and remained Chinese, they should not engage in politics. U Nu is said to have suggested that statement along foregoing lines be included in joint communiqué to be issued by him and Chou at termination of latter's visit to Burma. Chou objected on grounds that formal statement would have to be made by government in Peking but he repeated assurances that this would be done.

Nehru expressed confidence to Douglas that if cease-fire is achieved at Geneva, Chinese Communists will spend next ten or fifteen years in building up their own country. Nehru did not wish to predict what policy Peking might follow after that.

Douglas asked Nehru whether any differences existed between India and China. Nehru said only difference was over exact location of Northern frontier but Indian sentry posts were established

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[1] Repeated for information to London, Paris, and Rangoon.

[2] Supreme Court Justice William O. Douglas.

[3] Chinese Premier Chou En-lai visited India for 3 days in late June 1954; the text of a communiqué issued on June 28, 1954, at the conclusion of his talks with Prime Minister Nehru, may be found in *Documents on International Affairs, 1954* (issued under the auspices of the Royal Institute of International Affairs, London, Oxford University Press, 1957), pp. 313–314.

[4] Chou visited Burma for 2 days following his visit to India; the text of a joint statement which he and Burmese Prime Minister U Nu issued on June 29 is printed in *Documents on International Affairs, 1954*, pp. 314–315.

along McMahon line [5] and he was not prepared to discuss subject, which did not come up during his talks with Chou.

ALLEN

[5] The McMahon Line was the frontier between India and Tibet defined in the Simla Convention, initialed on July 3, 1914, by representatives of the United Kingdom, China, and Tibet, but never signed or ratified by China; the text of the Simla Convention is printed in *Tibet and the Chinese People's Republic: A Report to the International Commission of Jurists by Its Legal Inquiry Committee on Tibet* (International Commission of Jurists, Geneva, 1960), pp. 330–333.

No. 234

790.00/7–1754: Telegram

The Ambassador in India (Allen) to the Department of State [1]

SECRET NEW DELHI, July 17, 1954—4 p.m.

70. Re Embtel 69, July 17, 1954. I have just had long talk with Vice President Radhakrishnan who repeated much of same information Nehru gave Douglas re Chou visit. Radhakrishnan added that in his own talks with Chou he had pointed out that India is concerned over Communist infiltration in neighboring areas, particularly Nepal, Sikkim, Bhutan, and Burma. He said Chou declared his determination to prevent Chinese interference in other countries. Radhakrishnan says he also expressed concern to Chou over Chinese repression of Tibetan way of life. Chou said Peking authorities would make every effort to win voluntary Tibetan cooperation.

Radhakrishnan says he pointed out to Chou that Indian Communist Party opposes Indian membership in Commonwealth. He mentioned numerous instances in which India had been able to influence British policy as justification for continued Commonwealth membership. Radhakrishnan said Chou thereafter expressed opinion that India should remain inside Commonwealth. That evening Chou repeated this advice to Nehru. . . . Radhakrishnan said Chou was "reasonable about everything except the US". Chou said as long as US was determined to put Chiang Kai-shek back in Peking, his government had no alternative but to maintain its military strength at highest possible potential. If US would agree to respect Chinese territorial integrity, Peking would "disband its army". I asked whether territorial integrity included Formosa. Radhakrishnan said Chou did not "go into details."

[1] Repeated for information to London and Paris.

Radhakrishnan then repeated to me standard GOI argument that Chou is "reasonable man you can talk to" and US should recognize Peking regime. I expressed opinion that recognition of Peking would have no more influence in strengthening that regime than our recognition of Moscow had had, and referred to way British diplomats in Peking have been treated. Radhakrishnan said he spoke to Chou about British treatment and was glad to note recent reports that ambassadors would be exchanged. [2] I expressed doubt that ambassadors would have any more influence than chargé d'affaires.

. . . . . .

ALLEN

[2] The British and Chinese Governments had announced on June 17 their agreement that the latter would send a chargé d'affaires to London having the same position and duties as the British Chargé in Peking. Previously, the British Chargé in Peking had not been so recognized by the Chinese Government, and no diplomatic representative had been sent from Peking to London.

No. 235

033.9390B/7–1954: Telegram

The Ambassador in India (Allen) to the Department of State [1]

SECRET NEW DELHI, July 19, 1954—2 p.m.

74. Department 58, July 15. [2] I had long talk with Pillai July 17 regarding Chou visit to Rangoon. Pillai indicated Chou was anxious to act on his own in foreign affairs, particularly as regards visits, perhaps to demonstrate independence from Moscow. I have no doubt Nehru was glad for Chou to visit Rangoon to enable Burmese to state their concern regarding Communist infiltration to him directly, and visit was definitely discussed between Nehru and Chou, but I am not certain who took initiative.

Pillai confirmed information Radhakrishnan had given me regarding Chou's assurances that Peking "had no desire to interfere in affairs of other countries". Pillai's version, however, was slightly less emphatic than Radhakrishnan's. Pillai says Chou told U Nu that policy of present Peking regime was in direct contrast to that of Chiang Kai-shek, "who thinks Chinese should remain 100 percent Chinese no matter how long they live abroad". Chou said he

[1] Repeated for information to Rangoon.

[2] Telegram 58 requested information concerning Chou En-lai's conversations with U Nu, stating that, according to press reports, the Secretary General of the Indian Ministry of External Affairs, Narayana Raghavan Pillai, had been present during at least some of the talks. (033.9390B/7–1554)

"was confident" Peking would issue policy statement calling on Chinese abroad either to adopt nationality of country of residence or refrain from political activity. I gather tone of Chou-U Nu talks was rather similar to tone of Chou-Nehru talks. Both Nehru and U Nu put questions to Chou indicating uncertainty regarding Chinese intentions. Chou, while making every effort to calm their fears, emphasized his concern over American efforts to encircle China and overthrow Peking regime, thus endeavoring to avert picture of China as aggressor to picture of China as victim of United States aggressive designs.

ALLEN

No. 236

396.1 GE/7-2154: Telegram

The Under Secretary of State (Smith) to the Department of State

CONFIDENTIAL NIACT GENEVA, July 21, 1954—7 p.m.

Secto 712. Re Secto 687. [1] Jenkins met at Palais 10 a.m. today with Pu Shan at Commie initiative in 55-minute meeting with continued good atmosphere.

Pu opened by saying could now inform us that applications for exit permits by six Americans in China approved by concerned government quarters of "Chinese People's Republic." Read names and furnished list as follows:

Ernest Hotz, Reuben Lenzer, Linus Lombard, John Baker Maye, Lawrence Mullin, Alfred Peter Pattison. Said with reference other Americans according to list handed them last meeting cases still under examination government quarters concerned. Asked if we had any information concerning Chinese students in America.

Jenkins said first wished say we gratified to learn of release of six previously detained Americans now free return home. Said hoped for similar word soon regarding all other detained Americans. Said not yet received any further word review additional cases Chinese students but could say that all 15 on list previously handed them now notified they free to leave.

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[1] Secto 687 from Geneva, July 20, reported that Jenkins was to meet with the Chinese the next day and proposed that, since the Geneva Conference was about to conclude, he should suggest continuing contact in Geneva between members of the staff of the U.S. and Chinese Consulates General. (396.1 GE/7-2054) The Department replied in Tosec 582, July 20, that Jenkins should suggest communication through Trevelyan but that if this was rejected, he could suggest staff-level contact in Geneva. (396.1 GE/7-2054)

Pu then said Ambassador Johnson had said to Wang Ping-Nan on June 21 that "any Chinese in US is entirely free to depart for any destination of his choice." They considered that "right" of Chinese nationals to leave US for own country should be observed speedily. Jenkins then pointed out Ambassador Johnson in this context had made specific reference "in accordance with the laws of the US and pertinent regulations governing departure of aliens." Jenkins said review of cases continuing in light present circumstances, and they would be informed as soon as further information received.

Pu then referred to Wang's proposal concerning third party representation "on basis equality and reciprocity" made by Wang to Ambassador Johnson June 21. Jenkins stated as had been previously observed Wang's proposal was outside context on basis of which this series of meetings set up. Said he unable add anything on this subject to what had already been said.

When Pu indicated he had nothing further to say at this meeting Jenkins said perhaps in view of likelihood that Geneva conference being brought to speedy close two sides should agree on means by which information could continue to be exchanged relating to Americans in China and to those Chinese students who indicated desire go to territory under Chinese Commie control. Said he had not received definite word as to date of his departure from Geneva but in view circumstances felt question of future contact should be met. Then presented again proposal previously stated by Ambassador Johnson on continuing contact by two-way communication through Trevelyan in Peiping. Pu replied question raised by Jenkins was in fact same as that he had just raised and repeated third party representation idea, with emphasis on "principle of equality and reciprocity." Said proposal had been made because they felt such arrangement would be beneficial to both sides. Jenkins said he had nothing to add to what Ambassador Johnson had said before on this question. Pu said (with apparent disappointment and seeming finality) had nothing more to say on subject.

When it appeared meeting would end without any further comment Jenkins suggested it might alternatively be possible exchange information on (two questions, stated same phraseology as above) at staff level through contact with a member of the US Consulate General staff in Geneva. Pu simply said had noted statement. Jenkins then said he assumed means of contact through interpreters could be used if desired in near future. Pu replied slowly "with regard to the suggestion you made, outside of what we have already suggested, both previously and today (interpreter first only said "previously" but was corrected by Pu) I have nothing to say for the moment".

Jenkins then compared list of six Americans handed him with our records and confirmed identity and accurate spelling. Then asked if exit permits for these six included all members of immediate family who might be with them. Said for instance Mr. Pattison had child who was US citizen with him and Chinese wife. Said it was to be hoped, of course, that in all instances any member of immediate family desiring to do so would be permitted to leave regardless of nationality, in order that families may remain unbroken. Pu said he had no further information on this at present but "of course this can be checked." Jenkins requested this be done.

Jenkins said before leaving wished say again we naturally highly gratified these six Americans now able return to their homes and relatives. Said was sure this would be source of great happiness to relatives, friends, indeed all Americans who have been deeply concerned about their welfare. Said hoped relatives and friends of other US citizens now detained may soon have equal cause for happiness. Meeting ended.

Since news good we decided release names to press [2] in order avoid raising false hopes other relatives and since Chinese will probably release anyway.

Comments follow.

SMITH

[2] A copy of the press release issued by the U.S. Delegation in Geneva on July 21 is in Conference files, lot 60 D 627, CF 318.

No. 237

396.1 GE/7-2254: Telegram

The Head of the United States Delegation at the Geneva Conference (Johnson) to the Department of State [1]

CONFIDENTIAL NIACT GENEVA, July 22, 1954—6 p.m.

Secto 727. Comments on second staff level meeting on Americans in China (Secto 712). [2]

1. Atmosphere essentially same as previous meeting except subject of representation of interests versus continued staff contact on limited subjects injected air of calculated maneuvering on part Communists. Otherwise, meeting slightly more informal than previous.

[1] Repeated for information to London, Hong Kong, and Taipei.

[2] *Supra.*

2. Promised release these particular six Americans is no great concession by Communists since these cases presumably involved no judicial review in which commutation of sentences involved. However, can hope this may prove be break in log-jam. Some indication this may be true was given me yesterday by Wang Ping-Nan in buffet after last conference meeting. I suggested I might ask Jenkins remain few days if Wang "considered likely there would shortly be additional information on Americans". He replied affirmatively, but was noncommittal about best means contact to follow present arrangement.

3. Release of six, however, be merely bait to facilitate reopening subject third party representation. This appears certainly major factor in Communist action, but we also believe it not the exclusive one and that chances fair to good that at least appreciable number Americans will be gradually released. Meanwhile, maneuvering for diplomatic communication of some sort will doubtless continue.

4. Major emphasis was placed by Communists on phrase "equality and reciprocity" and heaviest emphasis on this followed mention of Trevelyan as two-way contact. We believe Pu intended rejection this means at least for these talks, but refrained take advantage of at least two chances for flat rejection, presumably thinking of possibility other issues arising which we would only be willing handle through Trevelyan. This conviction and caution lest too much inflexibility upset what we hope is beginning favorable trend led to suggestion second alternative Tosec 582 [3] on basis reference in Tosec 509. [4]

Pu noncommittal on this since doubtless needed seek instructions. I recommend that Jenkins remain for few days to see if anything develops. If Communists accept switch to staff level Consulate General contact for near future, believe we will not thereby give them any appreciably political capital, so long as contact restricted these two subjects. It can be considered natural outgrowth of conference contact for purpose unfinished business and in sense step-down from present arrangement.

5. Does Department now wish release say less than dozen Chinese students as reason for our side calling meeting? Request instructions including timing. Believe we can afford this time call meeting, if for purpose giving further list students, nearer to date of previous meeting than may be appropriate after next release of Americans.

6. At next meeting we plan note with regret no action yet taken in line of commutation of sentences and express hope imprisoned

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[3] See footnote 1, *supra*.
[4] Document 227.

Americans may be soon released, pointing out length of time they have been in prison.

7. Believe some adverse press along line "proof of pudding yet to come" may be useful now, preferably originating in US rather than Geneva, but believe big ammunition (such as accusing Communists of dealing in human lives to gain political capital) best saved for time when and if flow again stops.

JOHNSON

No. 238

Eisenhower Library, Dulles papers, "Telephone Conversations"

Memorandum of Telephone Conversation, Prepared in the Department of State [1]

[WASHINGTON,] July 24, 1954—11:49 a.m.

Telephone Call to the President (at his farm) [2]

The Sec. referred to the plane incident. [3] He said he called the British Amb. and told him it was going to break and they had better stop playing it down. Now they are protesting. The Sec. said with the Pres.'s approval he will issue the following statement: The Sec. read the statement. [4] Then he said the British Embassy is glad for us to refer to their protest. Radford and Wilson are here and they have instructed Carney to send carriers as a useful gesture. The Pres. gave his approval.

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[1] Apparently prepared by Phyllis Bernau; the initials "pdb" appear on the source text.

[2] The President was at his farm in Gettysburg, Pennsylvania.

[3] A British commercial airliner on a flight from Bangkok to Hong Kong had been shot down on July 23 by two Chinese Communist fighter planes about 30 miles south of Hainan Island.

[4] The Secretary's statement, issued that day, announced that the passengers of the plane had included six U.S. citizens, three of whom had died, that the British Government had instructed its diplomatic representative in Peking to lodge a strong protest, and that two U.S. aircraft carriers had been ordered to proceed to the area and to protect further U.S. rescue and search operations. It also declared that the U.S. Government took "the gravest view of this act of further barbarity" and that the action to be taken by the United States would be subsequently announced. The text of the statement is printed in Department of State *Bulletin*, Aug. 2, 1954, p. 165.

No. 239

Eisenhower Library, Dulles papers, "Telephone Conversations—White House"

Memorandum of Telephone Conversations, by the Secretary of State [1]

[WASHINGTON,] July 25, 1954.

I called Admiral Radford to inquire as to what the instructions were governing the aircraft carriers that had been sent to the scene of the Chinese Communist attack on the Cathay-Pacific airliner. He said that instructions were to defend themselves, but not to engage in "hot pursuit" which might take them into Chinese national air. I said that I thought "hot pursuit" should be permitted even though it did carry into the air above the Communist mainland or territorial waters. He said that the instructions had been given by Sec. Wilson, and that he could not vary them. He suggested that I might call Sec. Wilson.

I then called Sec. Wilson, and told him my views as earlier expressed to Adm. Radford, without however mentioning my prior talk with Adm. Radford. Sec. Wilson felt that he would not want to alter the instructions without authority from the President.

I then called the President at Gettysburg. I expressed the view that the air defense of our carriers should not be so strictly limited to exclude "hot pursuit" into the air above Communist Chinese territory or territorial waters.

The President said he was very much concerned about the situation and had been thinking about it much during the night. He suggested that since the plane was British, the primary responsibility laid upon the UK. He asked what I thought they would do. I said I thought that they would probably limit themselves to the exchange of notes and that they would make every effort to minimize the incident in line with their policy of recognition of Communist China and promoting good relations with it. I said that I planned to get in touch with the British Ambassador to find out what their further plans were. So far, they have told us of the terms of their instructions to Trevelyan at Peiping.

The President said he did not want us to get too far in front and that he questioned the desirability of our planes flying into Chinese Communist air in order to seek a fight. I said I did not have this in mind, but did have in mind that if there were hostile demonstrations against our aircraft carriers, they could be driven off even

[1] A note on the source text indicates that the conversations took place between 9:30 and 10:30 a.m.

though our planes in so doing infringed on Chinese Communist air. The President said that he agreed with this, and thought that our ships and planes in that area could be instructed to take "all necessary measures to protect themselves", and that this would not exclude a pursuit into Chinese air if the initial hostile demonstration occurred in relation to our planes or ships on the high seas. He authorized me to advise Sec. Wilson accordingly.

I next called Sec. Wilson and reported to him the conversation with the President. Sec. Wilson said that he would get in touch with Adm. Radford to discuss the possible desirability of modifying the existing instructions.

I then called Adm. Radford telling him that I had spoken to the President and to Sec. Wilson, and that he would doubtless hear from the latter.

JOHN FOSTER DULLES

No. 240

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Telephone Conversation, Prepared in the White House [1]

[WASHINGTON,] July 26, 1954—9:50 [a.m.]

President talked to Secretary of State, after Dulles had called Jim Hagerty and informed him that two American search planes, looking for survivors of the British plane shot down near Hainan, had themselves been shot down. [2]

President: "Well, it didn't take long for that to happen. The question is how to handle." Dulles said that if President approved he would make a protest against further barbarities in attempting to shoot down rescue type planes. Eisenhower said that the Chinese would undoubtedly claim that they, the Chinese, were out on rescue missions too. President said that he had told the leaders in the Congressional meeting about the news, asked them to keep it confidential. Dulles said categorically our planes were fired upon first.

President agreed Dulles should protest. He felt that generally speaking the feeling at the Congressional meeting was one of com-

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[1] Presumably prepared by Ann Whitman, although the source text does not so indicate.

[2] Incorrectly recorded. The two U.S. planes were attacked by two Chinese Communist fighter aircraft, returned the fire, and shot down the two Chinese planes. The U.S. planes were not shot down, and there were no U.Q. casualties.

plete approbation. President had already told the leaders (before this news arrived) that the two carriers had been ordered to the scene; and that Congress, reported the President to Dulles, was "very proud of the fact that we had covered ourselves" and approved of action in sending carriers. He said Congress is in a belligerent mood about this. Dulles said that he himself was glad that something has happened, more than just an exchange of notes.

President said that in addition to the protest, which has to go through the British since we have no diplomatic representation with the Red Chinese, that Dulles should send a very earnest and stiff note to Eden about the whole situation, saying that we were going to have to take a very stiff line—and we hoped they would do the same. If we adopt a stiff one and the British not, it will cause more friction between our countries. [3]

Dulles will immediately make public protest; [4] Eisenhower will make no statement at moment.

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[3] A memorandum of this conversation, prepared by Dulles' secretary Phyllis Bernau, reads at this point: "The Sec. said he talked with Makins last night, and told him we were going to have to take a stiff line and hoped they will too or it will cause a rift." (Eisenhower Library, Dulles papers, "Telephone Conversations")

[4] The text of a statement issued that day by Dulles, announcing the incident and stating that the United States planned to protest vigorously, is in Department of State *Bulletin*, Aug. 9, 1954, p. 196.

No. 241

941.523/7-2654

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy)

SECRET [WASHINGTON,] July 26, 1954.

Subject: Chinese Communist Attack on British Airliner near Hainan Island

Participants: Sir Roger Makins, British Ambassador
Mr. R.H. Scott, British Minister
The Secretary
The Under Secretary
Mr. McConaughy, Director, Office of Chinese Affairs

During the call on the Secretary by Ambassador Makins, the following was discussed: *the Chinese Communist attack on the British airliner near Hainan Island.*

Ambassador Makins referred to the shooting down of a Cathay Pacific commercial airliner near Hainan Island on July 23 and indicated the tenor of the British note of protest to the Chinese Com-

munist regime. He said that he had received word from the Foreign Office that a fairly satisfactory note expressing regrets has been received from the Chinese Communist Foreign Office. He promised to send the Department copies of both notes. [1] He said that in view of the prompt Chinese Communist assumption of responsibility, the British Foreign Office believed it might be preferable for the British Government to handle all indemnity claims. The Ambassador thought that we would get a "dusty answer" if we filed a U.S. Government protest. His Government might be able to get compensation for all the cases, including the American ones, if the matter were handled entirely by the British.

The Secretary said that it seemed necessary for a U.S. note to be forwarded to Peiping through British good offices, and that the Legal Adviser was working on a draft.

The Secretary informed the Ambassador of a second incident on July 26 in which two U.S. carrier-based search planes were attacked by two Chinese Communist fighter planes while looking for possible additional survivors, resulting in the shooting down of the two Chinese Communist planes. The Secretary gave the Ambassador a copy of his statement for the press, No. 406 of July 26, on this subject. [2]

The Ambassador read this statement and commented that it was excellent. He remarked that this incident was quite distinct from the first one, and inquired if the British Chargé in Peiping would be expected to deliver a separate protest on this occurrence. The Secretary said he anticipated that this would be requested.

The Secretary said that his press statement of July 24 [3] on the attack on the plane afforded an opportunity to "blow off steam" and enabled us to map our course of action more deliberately. He hoped that the statement on the second incident would serve as an effective warning to the Chinese Communists and would prevent further reckless attempts at air interception by them.

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[1] Copies are filed with a July 27 memorandum from McConaughy to Murphy. (941.523/7-2754) The text of the Chinese note is printed in Jerome Alan Cohen and Hungdah Chiu, *People's China and International Law: A Documentary Study* (Princeton, New Jersey, Princeton University Press, 1974), p. 740.

[2] See footnote 4, *supra*.

[3] See footnote 4, Document 238.

No. 242

Editorial Note

On July 27, the Senate Committee on Foreign Relations met with Secretary of State Dulles in executive session; the two plane incidents were discussed briefly. For a record of the discussion, see *Executive Sessions of the Senate Foreign Relations Committee (Historical Series)*, volume VI, *Eighty-third Congress, Second Session, 1954* (Washington, Government Printing Office, 1977), pages 690–692 and 697–702.

No. 243

941.523/7-2854

Memorandum of Telephone Conversation, by the Director of the Office of Chinese Affairs (McConaughy)

CONFIDENTIAL [WASHINGTON,] July 28, 1954.

Subject: Delivery of U.S. Protests [1] to Chinese Communists re Plane Incidents near Hainan Island

Participants: Michael Joy, First Secretary, British Embassy
Walter P. McConaughy, Director, Office of Chinese Affairs

Mr. Joy of the British Embassy telephoned me this afternoon to report that a message had just been received from Trevelyan, the British Chargé at Peiping, reporting that he had delivered the American protests to Chang Han-fu, Chinese Communist Vice Minister of Foreign Affairs at 5 PM, July 28, Peiping time.

Trevelyan reported that both U.S. protests were rejected by Chang Han-fu. [2] He quoted Chang Han-fu as saying that as to the first protest, the shooting down of the Cathay Pacific airplane was solely a matter between his Government and the British Govern-

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[1] The text of two U.S. *aide-mémoires*, one protesting the attack on the British airliner and demanding compensation for the victims and families of the deceased and one protesting the attack on the U.S. planes, may be found in Department of State *Bulletin*, Aug. 9, 1954, pp. 196–197; they are incorrectly printed as if they constituted a single document.

[2] Telegram 504 from London, July 28, reported that Trevelyan had left the *aide-mémoires* at the Chinese Foreign Ministry but that later that day they had been handed to a member of his staff with the statement that Trevelyan had forgotten to take them with him. (941.523/7-2854) The incident is described in Humphrey Trevelyan, *Living With the Communists: China, 1953–5; Soviet Union, 1962–5* (Boston, Gambit, 1971), pp. 110–111.

ment, and was being settled by those two Governments exclusively. He denied the right of any third government to intervene.

As to the second protest, Chang Han-fu said that the American version of the engagement between U.S. Naval planes and Chinese Communist fighter planes was incorrect. Chang Han-fu referred to the account released by the New China News Agency on July 27. [3] He said that the circumstances were correctly set forth in this statement and that his Government would stand by it. Chang Han-fu gave Trevelyan a copy of the New China News Agency press release.

Trevelyan told Chang Han-fu he would transmit this document and the substance of Chang Han-fu's reply.

Mr. Joy promised to send us copies of the two *aide-mémoires* which Trevelyan delivered to Chang Han-fu. [4]

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[3] A statement issued on July 27 by Chang Han-fu and released by the New China News Agency on that date charged that U.S. planes had invaded Chinese air space above Hainan, had attacked and shot down two Chinese "patrol aircraft", and had strafed two Polish merchant ships and a Chinese escort vessel; the text of the release is printed in *Survey of China Mainland Press*, July 28, 1954.

[4] Copies are filed with a letter of July 28 from Joy to McConaughy. (941.523/7-2854) A third U.S. communication, again protesting the attack on the British airliner and demanding compensation for the victims and families of the deceased, was delivered to the Chinese Foreign Ministry by Trevelyan on Aug. 4; for text, see Department of State *Bulletin*, Aug. 16, 1954, pp. 241-242. Telegram 631 from London, Aug. 5, reported that the U.S. protest had been returned with a covering note reiterating the Chinese position that the incident concerned only the Chinese and British Governments. (293.1141/8-554) Despatch 1263 from London, Nov. 2, reported that on Sept. 15, the British had submitted to the Chinese a claim for compensation totalling 367,000 pounds for all losses incurred during the incident and that on Oct. 23, the Chinese had accepted this figure; Americans with claims were to be invited to submit them to the British Government. (293.1141/11-254)

No. 244

Editorial Note

During a meeting of the National Security Council on July 29, during an intelligence briefing by Director of Central Intelligence Allen Dulles, the following comments relating to China were recorded:

"The Director of Central Intelligence said that when the Russian tanker had been brought into Formosa by the Chinese Nationalists, it had created a tremendous furor in Russian official circles. It was apparently felt that this represented an official U.S. policy of intercepting Soviet shipping. There was a period during which Soviet shipping seemed to have been temporarily withdrawn, apparently while a plan was being worked out. It had seemingly been decided

that Soviet shipping would either avoid dangerous areas or be convoyed through them.

"Mr. Dulles said that the attack on the British passenger plane was apparently due to a "trigger-happy" pilot, who thought that the plane was going to attack a Soviet tanker. In the second incident, U.S. planes had just photographed a Polish tanker which was under naval escort. As a result, fighter aircraft were called out, possibly from Hainan or Suchi. This Polish tanker was escorted by Russian vessels. An escorting gunboat sent out the warning, and Communist planes arrived within 25 minutes. The orders to these planes, which were intercepted by us, stated that if the aircraft were friendly they should not be attacked; but if not, they should be attacked at once. The President noted that the Chinese were used to conducting undeclared wars for long periods of time." (Memorandum of discussion by Robert H. Johnson, Assistant to the NSC Executive Secretary, dated July 30, 1954; Eisenhower Library, Eisenhower papers, Whitman file)

No. 245

396.1 GE/7-2954: Telegram

The Consul General at Geneva (Gowen) to the Department of State [1]

CONFIDENTIAL GENEVA, July 29, 1954—6 p.m.

163. Re Deptel 129, July 28.[2] Shillock and Jenkins with Ekvall as interpreter met 11 a.m. July 29 with Chinese Consul Hsiah Fei and interpreter Yeh in first meeting on such staff level after Geneva conference meeting as authorized held in non-government place Hotel Beau-Rivage Geneva. Cost of room shared jointly.

We gave Hsiah list names seven Chinese students Attorney General prepared permit depart US (Tosec 599, July 23).[3] After expressing appreciation Hsiah inquired whether they had already left U.S. Replied assumed not yet.

We inquired whether Hsiah had information re Americans in China imprisoned or otherwise detained. He replied no information this meeting. We expressed hope receive news early date.

We inquired whether any information received concerning inclusion Chinese wife and American child in exit permit approved for Alfred Pattison (Secto 712, July 21). Hsiah answered he could not answer this question.

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[1] Repeated for information to London and Hong Kong.

[2] Telegram 129 to Geneva concurred in arrangements for a meeting, scheduled for July 29, between Jenkins, U.S. Consul at Geneva, John C. Shillock, and a member of the staff of the Chinese Consulate General in Geneva. (611.95A241/7-2854)

[3] Not printed.

Hsiah referred Chinese previous proposal for third party representation stating it should still be considered as being beneficial both sides. We replied present staff level machinery set up for specific purpose exchanging information and we could not now add to what had already been said this subject. Hsiah again later referred this matter expressing hope Jenkins would take up proposal for consideration upon return Washington.

Chinese made oblique reference question of "record of meetings." We remarked both sides were taking full notes which could constitute respective record proceedings.

Question press release not raised. Do not propose make any announcements unless Chinese do so.

Meeting informal and lasting about 40 minutes. Hsiah seemed unsure himself. It was understood next meeting would be arranged when either side had further information to exchange. Hsiah indicated language next meeting to be French only. This perhaps for political reasons. [4]

Jenkins leaves today for Berlin.

GOWEN

[4] Shillock's next meeting with Hsiah was held on Sept. 3 at Chinese initiative; the discussion was in English at Hsiah's request. Hsiah stated that, because the People's Republic of China had no postal agreement with the United States, packages sent to U.S. prisoners in China by relatives should be forwarded through countries with which China had postal agreements, unless they were under one kilogram gross weight. Neither Shillock nor Hsiah had any other information to report. The meeting was described in telegram 224 from Geneva, Sept. 3, 1954. (611.95A241/9-354)

No. 246

310.2/7-3054: Telegram

The Secretary of State to the Embassy in France [1]

CONFIDENTIAL WASHINGTON, July 30, 1954—6:30 p.m.

402. Your 359. [2] Notwithstanding your 397 [3] Department concerned possibility French may be considering recognition Communist China. USUN shares this concern Usun 75. [4] Department con-

[1] Repeated for information to the U.S. Mission at the United Nations as 67.

[2] Telegram 359 from Paris, July 26, reported the view of the Nationalist Chinese Chargé in Paris that French recognition of Communist China was imminent and that only U.S. persuasion could forestall it. (751G.00/7-2654)

[3] Telegram 397 from Paris, July 28, reported that, according to the Chief of the Far East Branch of the French Foreign Ministry, French recognition of Communist China was not in prospect. (751G.00/7-2854)

[4] Dated July 23, not printed. (751G.00/7-2354)

curs USUN belief representations should be made French Government in strong terms to withhold recognition and continue oppose seating in UN.

You should seek early appropriate opportunity inform French Government United States earnestly hopes it will continue non-recognition Communist China and support Chinese Nationalist Government in UN and elsewhere. United States position stems from fact Communist China is aggressor and acts in violation all standards international conduct. Any increased diplomatic acceptance of Communist China would directly serve Communist purposes. Anti-Communist forces in Laos, Cambodia, Vietnam faced with difficult future in view Communist penetration already present those areas would undoubtedly be weakened by French recognition Communist China. Important overseas Chinese communities Southeast Asia, already targets large-scale Communist propaganda, would be adversely affected. Thailand, Philippines, Republic of China among free world's best friends in Far East, would be dealt severe blow and Communist elements Burma, Indonesia strengthened and emboldened. Result would be important damage French and free nations Far East and gain for Communist orbit all over the world.

Mention might be made adverse effect on United States public opinion as to France. You may wish remark United States Government has no reason believe French Government has any intention departing from firm position it has consistently and usefully maintained on this issue since 1950. However, these views are set forth to insure that our understanding on this important matter remains complete.[5]

DULLES

[5] Telegrams 456 and 463 from Paris, Aug. 2 and 3, reported conversations with French Foreign Ministry officials who stated that the French Government was not at that time considering recognition of the People's Republic of China. (793.02/8–254 and 793.02/8–354)

No. 247

293.1111/7-2954: Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

CONFIDENTIAL WASHINGTON, August 3, 1954—5:56 p.m.

684. Your 523.[2] Arrangement for informal exchange information with Chinese Communists at subordinate Consular level Geneva is merely extension staff level conversations Geneva Conference re detained Americans. No negotiations or representations contemplated at Geneva. Geneva arrangement in no way intended interfere with British representation American interests Communist China. British Foreign Office will be apprised any information re American citizens which may be obtained Geneva.

DULLES

[1] Repeated for information to Hong Kong and Geneva.

[2] Telegram 523 from London, July 29, inquired whether the continuing U.S.-Chinese staff-level meetings in Geneva temporarily precluded representations by Trevelyan in Peking concerning U.S. nationals in Communist China. (293.1111/7-2954)

No. 248

S/S-NSC files, lot 63 D 351, NSC 5429

Draft Statement of Policy Prepared by the NSC Planning Board [1]

[Extract]

TOP SECRET [WASHINGTON,] August 4, 1954.
NSC 5429

[1] The full text of NSC 5429, including a covering note to the National Security Council by Lay, is scheduled for publication in volume XII, Part 2. The draft policy statement consisted of a preface on the consequences of the Geneva Conference and a list of potential courses of action, divided into four sections: "The Off-Shore Island Chain," "General Political and Economic Measures in the Far East," "Southeast Asia," and "Communist China." There were also three annexes, none of which is printed. The source text incorporates three revisions of a later date; the revised pages were sent to holders of the paper with a covering memorandum of Aug. 9 by Lay, which instructed them to insert the revised pages and to burn the pages which were replaced. According to Lay's memorandum, the changes in the section here printed, requested by the Defense member of the Planning Board, were in the footnotes (in the source text) to paragraphs 12-a and 13-a-(1). (S/P-NSC files, lot 62 D 1, "Far East, U.S. Policy Toward")

REVIEW OF U.S. POLICY IN THE FAR EAST

. . . . . .

IV. COMMUNIST CHINA [2]

Alternative A

12. In order to foster free world unity and to remove concern that we will provoke a total war by accident or design, the U.S. should seek, as rapidly as feasible, to put its relations with Communist China on the same footing as those with the Soviet Union. To this end, the U.S. should:

a. Make clear to Communist China our determination to attack Communist China only if it commits armed aggression. *

b. Increase efforts to develop the political, economic and military strength of non-Communist Asian countries.

c. Cease to encourage or support Chinese Nationalist military action against Communist China while continuing to support the right of the Nationalists to retain Formosa.

d. Acquiesce in the entry of Communist China into the U.N. if she adheres to U.N. principles and if Formosa also remains a member.

e. Consider recognition of Communist China as the government of mainland China if she qualifies for entry into the U.N. under subparagraph d. above.

f. Bring trade restrictions into conformity with those applying to the Soviet Union.

g. Seek to impair Sino-Soviet relations by all feasible overt and covert means.

Alternative B

13. Seek to reduce, by means short of war, the relative power of Communist China in Asia:

a. (1) Make clear to Communist China our determination to attack Communist China only if it commits armed aggression. †

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[2] Although this section appears as Section IV in the source text, the heading "I. Communist China" also appears in brackets before the heading of Section I, with a footnote which reads as follows:

"U.S. policy toward Communist China will soon determine the fate of Asia. Accordingly, unless the U.S. is prepared at this time fully to accept the challenge of countering Communist power and influence in Asia, which derives primarily from Communist China, there is the gravest probability that the area will fall under Communist domination. Accordingly, the Defense, JCS and ODM Members believe that U.S. policy with regard to China (Section IV, below) should be considered and determined first and that policy with regard to the peripheral areas should be established in light of this determination."

* Because the Defense Member feels that this statement as written and without any definition of "armed aggression" is inherently impossible of being made clear to Communist China, he suggests the addition of the clarifying words "directly or indirectly" at the end of the statement. [Footnote in the source text.]

† Because the Defense Member feels that this statement as written and without any definition of "armed aggression" is inherently impossible of being made clear to Communist China, he suggests the addition of the clarifying words "directly or indirectly" at the end of the statement. [Footnote in the source text.]

(2) Retaliate promptly and appropriately for any Communist Chinese violation of accepted international behavior, other than armed aggression, directly affecting U.S. security interests.

b. Increase efforts to develop the political, economic and military strength of non-Communist Asian countries.

c. Maintain political and economic pressures against Communist China, including the existing embargo and support for Chinese Nationalist harassing actions.

d. Support the Chinese National Government on Formosa as the Government of China and the representative of China in all UN agencies.

e. Impair Sino-Soviet relations by all feasible overt and covert means.

Alternative C

14. Reduce the power of Communist China in Asia even at the risk of, but without deliberately provoking, war:

a. (1) Prevent, by force if necessary, any further expansion of Communist control in Asia through creeping expansion and subversion or through armed aggression. Make clear to the Communists U.S. determination to take action directly against the source of any such expansion.

(2) React with immediate positive, armed force against any belligerent Communist Chinese move. b,c,d,e. Same as 13–b,c,d,e.

Alternative D

15. Reverse the present trend toward greater Communist Chinese power in Asia by initiating an increasingly positive policy toward Communist China designed to confront the regime with a clear likelihood of U.S. military action against China proper unless Communist China takes public action to change its belligerent support of Communist expansion. To this end:

a. Take such actions as to present Communist China with an obvious *casus belli* in the face of which the U.S., with such allied support as may exist, can by its preparatory acts and through direct secret warnings threaten military action against China and thus require China to test Soviet willingness to support China in the specific circumstances even though this involves general war.

b. Be prepared and determined to carry out the threat of military action unless China backs down on the issue involved.

c. Exploit by all means such a backing-down by Communist China to make it lose face in the Orient.

d. Prevent, by force if necessary, any further expansion of Communist control in Asia through creeping expansion and subversion or through armed aggression. Make clear to the Communists U.S. determination to take action directly against the source of any such expansion.

e. Maintain all practicable pressures on China, including covert actions, to create internal division in the regime and to intensify conflicts in Sino-Soviet relations.

f. Maintain political and economic pressures against Communist China, including the existing embargo, covert actions and support for Chinese Nationalist harassing actions.

g. Support the Chinese National Government on Formosa as the Government of China and the representative of China in all UN agencies.

h. Increase efforts to develop the political, economic and military strength of non-Communist Asian countries, including development of Japan as a major power to counter-balance Communist China.

No. 249

Editorial Note

During a meeting of the National Security Council on August 5, during the intelligence briefing by Director of Central Intelligence Allen Dulles, the following exchanges relating to China were recorded:

"Mr. Dulles then noted that severe floods, the worst in a hundred years, were reported in the Yangtse Valley of China. Railroads and airfields had been washed out and the rice crop of the area would probably be lost.

"Secretary Dulles remarked that probably the United States could, if it wished, offer assistance to the victims of the flood without arousing great antagonism. The President said that such an offer, which differentiated between Red China and the Chinese people, would be the neatest trick of the week. Governor Stassen felt that an effort to help China, when friendly Asian countries were suffering, would be misunderstood throughout Asia."

. . . . . .

"Mr. Dulles then rapidly reviewed the post-Geneva situation. He said that the Communists had settled for less than they could have obtained at Geneva, one reason for this being the possibility of U.S. intervention in Indochina. In the short term, it was unlikely that the Communists would make a major military move anywhere in the world. However, they would continue to try to block EDC, split the West, and wreck NATO. In the Far East they would make efforts to undermine Thailand and Japan, and would make Formosa a major diplomatic issue. Diversionary attacks on the offshore islands near Formosa were possible. The Communists would probably not violate the armistice in Indochina, but would use subversive means to gain control. The Communists apparently regard Korea as a stable stalemate. They would emphasize Asia for the Asiatics and seek to increase neutralism to prevent the establishment of additional U.S. bases. Throughout the world the Communists would emphasize expansion of East-West trade.

"Secretary Dulles remarked that it might be useful for the Navy to make more visits to the Formosan area. The President recalled that the Navy was now under an injunction to make periodic visits to this area, including going ashore from time to time. He said that

if the Communists tried an invasion of Formosa by a fleet of junks, this might make a good target for an atomic bomb." (Memorandum of discussion by Marion W. Boggs, Coordinator of the NSC Board of Assistants, dated August 6, 1954; Eisenhower Library, Eisenhower papers, Whitman file)

No. 250

961.53/7-1354: Telegram

The Secretary of State to the Embassy in the Republic of China [1]

TOP SECRET WASHINGTON, August 5, 1954—7:09 p.m.

84. Deptel 24 [2] and your 37. [3] Department adheres to view that legality of continued detention Soviet Tanker *Tuapse* highly questionable, needlessly provocative and tends impair international position Free China. It affords plausible pretext for increased Communist air and surface patrol activities in general area South China Sea which would be regarded as highly undesirable by Australia and New Zealand as well as by US. You should make renewed representations Chinese in forceful vein ensuring that these representations are brought personal attention Pres. Chiang.

DULLES

[1] A note on the source text indicates that the telegram was drafted at the request of the Under Secretary; McConaughy was the drafter.

[2] Document 229.

[3] Document 230.

No. 251

State–JCS Meetings, lot 61 D 417

Memorandum on the Substance of Discussion at a Department of State–Joint Chiefs of Staff Meeting, Held at the Pentagon, August 6, 1954, 11:30 a.m. [1]

TOP SECRET [WASHINGTON,] August 6, 1954—11:30 a.m.

[Here follows a list of 29 persons present at the meeting, including Generals Twining and Ridgway and Admiral Carney, Deputy Under Secretary of State Murphy, Deputy Director of Central Intelligence Cabell, and NSC Executive Secretary Lay.

[The meeting began with discussion relating to Germany.]

[1] A note on the title page reads: "State draft. Not cleared with any of participants."

2. Plane Incidents off Hainan Island

Mr. Murphy referred to the plane incidents off Hainan Island on July 23 and July 26. The Department was interested in getting from the Navy and the Air Force a detailed account of both incidents, properly documented and notarized, for possible use in case the issue should come before some international body.

Admiral Carney said that the Navy had prepared a chronological account of the incidents. A copy of this account had been sent to State.[2] However, the evidence of the pilots was not in affidavit form and it was probably not as comprehensive as desired by the Department. He said that an effort would be made to obtain a more complete and formal record, in line with the Department's wishes.

Mr. Murphy referred to the anxiety which has been caused among commercial airlines operating in the vicinity of Hainan Island as a result of these incidents. He asked Mr. McConaughy to give the particulars.

Mr. McConaughy said that certain airlines, particularly Pan American Airways, a Thai airline with headquarters in Bangkok, and CAT, based in Formosa, were understood to be concerned at the possible continued danger to their planes operating in the general area of Hainan. Some of them asked for guidance as to measures which they might take to reduce the risk.

General Twining said that a sea-air Rescue Command functioned in the area and would endeavor to assist any commercial plane in the area in case of need. He pointed out that neither the Air Force nor the Navy could provide escorts for commercial planes. He said that he could only suggest that the commercial planes stay strictly in the prescribed air lanes, giving the island of Hainan a wide berth; and that if possible they avoid flying directly over or near Communist ships. He said that the Communists were very sensitive about observation of their shipping movements, and that it would be prudent to avoid any appearance of observing Communist shipping.

In response to a question from Mr. Murphy, Admiral Carney confirmed that U.S. planes still maintain a surveillance of shipping in the general area. An effort was made to establish the identity of every ship in the area. He pointed out that this was done to ships of every nationality. It was not limited to Communist shipping. There was no discrimination involved, and there was no violation of international law since the surveillance was carried out over the high seas.

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[2] Not found in Department of State files.

Mr. Murphy and Mr. McConaughy referred to the Soviet note of protest, dated August 4, [3] against the reconnaissance activities of American planes, following the Polish protest of last week [4] against alleged firing by American planes on a Polish merchant vessel on July 26. Mr. Murphy said that he did not know any basis in international law for the Soviet protest, since the planes undoubtedly were not guilty of any territorial violation. Mr. McConaughy said that he thought that the Soviets based their protest on the fact that the planes allegedly "buzzed" the Soviet ships, flying low and making passes at them. It was agreed that the Soviet protest was not well founded. The Joint Chiefs indicated that the surveillance activities would be continued.

[Here follows discussion concerning the Middle East and Indochina.]

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[3] The text of the Soviet note and the U.S. reply of Nov. 29, are printed in Department of State *Bulletin*, Dec. 13, 1954, p. 900.

[4] The text of the Polish note of July 31 was transmitted in telegram 32 from Warsaw, Aug. 1. (948.53/8–154) The U.S. reply of Aug. 6, rejecting the Polish charges, is *ibid.*, Aug. 16, 1954, p. 241.

No. 252

Editorial Note

During a meeting of the National Security Council on August 12, during an intelligence briefing by Director of Central Intelligence Allen Dulles, the following exchanges relating to China were recorded:

"Mr. Dulles displayed a map showing the extent of the floods in the Yangtse Valley of China. He said that whereas the Chinese Communists had previously refused to admit that disaster had occurred, they were now willing to announce that the flood extended for 500 miles from east to west. Mr. Dulles said that the flood was the worst in modern Chinese history, even worse than the flood of 1931. The damage totalled $1.5 billion already and might increase, especially if the dikes went out at Hankow. China was buying rice from Burma already in recognition of the fact that there would be a great food shortage.

"The President said the American public had apparently not followed this news very closely, since he was not asked any questions about the disaster at his press conference. Secretary Dulles noted that the Department of State had been considering an offer by the United States of surplus food to China, but had concluded that such a step would be inadvisable at this time for three reasons: (1) China was still exporting food to Ceylon in exchange for rubber; (2) ignorance in China was so widespread that it would be hard to gain a propaganda advantage from such an offer; and (3) Japan would

regard such an offer as a softening of our policy toward China. The President said these reasons appeared to be conclusive. Mr. Allen Dulles wondered whether a possible U.S. offer of food should not be kept under advisement. He felt that such an offer could have great propaganda value in the free world, and it might be made known to the Chinese by dropping leaflets. The Vice President found it difficult to see what advantage we would gain in China by such an offer. Mr. Allen Dulles said this would be one opportunity to drive a wedge between the Chinese people and their government, and show that the American people have great sympathy for the Chinese people. The Vice President said he supposed such an offer would help discredit Chinese Communist propaganda against the United States. Governor Stassen felt that the best chance of overthrowing the Communist government in China would be by creating economic chaos. He did not, therefore, favor offering food to China. Mr. Allen Dulles said that the Chinese government would regard the loss of 50 million people as a gain. The President said he had also observed the peculiar attitudes of the Chinese toward human life." (Memorandum of discussion by Boggs, dated August 13, 1954; Eisenhower Library, Eisenhower papers, Whitman file)

Following the intelligence briefing, in NSC Action No. 1201–b, the Council:

"Agreed that an offer of surplus agricultural commodities, to alleviate the suffering caused by the floods in China, should not be made at this time, but this situation and possible effects of such action should be kept under review by the Director of Central Intelligence." (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the National Security Council, 1954")

No. 253

611.90/8–1654: Telegram

The Ambassador in Japan (Allison) to the Department of State [1]

TOP SECRET TOKYO, August 16, 1954.

374. Eyes only Secretary.

1. I am most disturbed by what, from here, appear to be recent uncoordinated US Government activity in Far East which has resulted to date only in alarming our friends, making it appear as if US was acting from panic and obscuring what I believe is your firm long-term policy for the Far East. I have in mind such things as our instigation of Nationalist Chinese to stop Soviet tankers followed by complete backdown when Soviets made loud noises; our recent Naval demonstration when Admiral Price and Seventh Fleet were told to advance but not shoot and thus led to withdraw

[1] No transmission time is indicated on the source text.

in confusion; our determination suddenly to surface Rastvorov [2] in spite of its bad effect on US-Japanese relations while at same time US Government leaders following apparently concerted policy of telling American public and hence the Japanese and world how important Japan is to US now that Indochina has gone; our troop redeployment policy which will be taken by Far East public as indication we see no immediate danger and are beginning to follow more restrained policy.

2. Coming on top of events outlined above, particularly the last mentioned, I was astonished to learn from reliable source that it has been decided that Seventh Fleet will shortly carry out another demonstration in force around Nationalist-held offshore Chinese islands and that it would be directed by Admiral Stump in person. I understand, also from good authority, that Stump has said Seventh Fleet means to shoot back this time if fired upon. While I certainly agree that US military forces should shoot back if fired upon I wonder if full implications of this action have been weighed by all competent US authorities. Repercussions if anything goes wrong could be most serious. Japanese Government and people could be thrown into panic which only advance preparation could mitigate. Yet I have only learned about these plans by accident and have no authority to explain purpose and to warn appropriate high Japanese officials so they can take necessary steps to reassure public should it be necessary. This comes at time when Department has just agreed on necessity keeping high Japanese officials informed on our Far Eastern policy and actions. In view of almost unanimous Japanese belief that our shooting down Chinese Communist planes off Hainan was deliberate act of provocation it can only be surmised what will be the reaction to US Naval demonstration in force when there is not even any excuse made of a rescue mission.

3. Action described paragraph 2 seems inconsistent with US position outlined to Rhee which, according to General Hull, was that US would not fight to restore unity of Germany, Austria, or Korea. This present plan could lead to fighting Communist China. If our purpose is, through show of strength, to deter Communist attack on Formosa I think it will fail. This will be looked upon as mere aggravation and might well inspire counteraction we hope to avoid in off-shore islands. I should think announcement by President that we have noted recent Chinese Communist statements re Formosa and that we are determined to prevent armed aggression

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[2] Yuri A. Rastvorov, a former official of the Soviet Mission in Japan, had requested and been granted political asylum in the United States; the Department of State press release of Aug. 13 is printed in Department of State *Bulletin*, Aug. 23, 1954, p. 271.

against it would be sounder. Also conclusion of mutual defense treaty would serve similar purpose. This would also be a position our allies could understand which we could without reservation commend to them. Isolated show of force by Navy, unless we are prepared to follow through if need be, is, in my opinion, most unwise and can have results just opposite from which we intend.

ALLISON

No. 254

961.53/8–1654: Telegram

The Chargé in the Republic of China (Cochran) to the Department of State

TOP SECRET TAIPEI, August 16, 1954—5 p.m.

115. Took advantage meeting with President Chiang this morning when presenting General Partridge [1] FEAF to raise question *Tuapse*. Conveyed to President sense of Department's telegram 84, August 5. Reinforced this by reference to letter just received from Ambassador Rankin [2] saying should leave President in no doubt this represented unanimous opinion State, Defense, CIA, et cetera. President smilingly remarked Chinese Government had received no protest and felt Russia had acquiesced in seizure by default. I replied that Soviets obviously couldn't protest direct to a government they did not recognize, but that they had certainly made their displeasure clear to US. President replied they "barking up wrong tree". He added matter required further consideration and said he had not been aware of American viewpoint.

I professed puzzlement since I had at least three times made our position quite clear to Foreign Minister. (On each occasion Foreign Minister later assured me President informed in writing.) President concluded remarking Chinese policy would not differ from that of US and requested that his comments be forwarded Department. He repeated this request later.

While am no expert in working Generalissimo's mind, I think he was fencing during translations to impress Air Force group and that final remark may presage early action.

COCHRAN

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[1] Gen. Earle E. Partridge, Commander, Far East Air Forces.

[2] No such letter has been found in Department of State files.

No. 255

893.49/8-1754

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State [1]

SECRET [WASHINGTON,] August 16, 1954.

Subject: Proposal to Assist Chinese National Government to Offer Food to Mainland Flood Victims in Own Name

The Problem:

Embassy/FOA/CIA Taipei propose in Taipei's Tousfo 232 (Tab A) [2] that this Government assist the Chinese National Government in making a food offer to flood victims in Communist China in its own name. I believe that this proposal, on the scale of aid contemplated, would not involve most of the disadvantages of the proposal discussed in my memorandum to you of August 11 (Tab B),[3] would produce similar psychological advantages and would in addition enhance the prestige of the Government of China, which is one of our policy objectives.

Discussion:

The Embassy/FOA/CIA proposal in Tab A recommends that FOA agree to purchase 20,000 tons of rice to be shipped in the name of the Government of China from Taiwan direct to mainland ports in Chinese Government or neutral ships under a safe conduct guarantee. This amount is designed to be neither so small as to indicate a purely propaganda move, nor so large as to be obvious to all that Free China is incapable of making such an offer on her own. In addition, it would not be so large as to permit the regime to divert sizeable amounts for barter trade in strategic materials.

I believe that the Nationalist Chinese origin of this food offer, despite probable Communist attempts to hide or twist the facts, would become known to a large number of Chinese on the mainland, who would be reminded that the Chinese National Government is concerned about the needs of its compatriots under Communist domination and that it recognizes its responsibility toward them, consonant with its capabilities.

The anticipated refusal would place the Chinese Communist regime on the defensive. It would show that the regime places its

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[1] Filed with a memorandum of Aug. 17 from Dulles to Robertson.

[2] Not printed.

[3] Not printed. Robertson's Aug. 11 memorandum stated that it had been tentatively decided that the United States should offer relief food to the flood victims in China through the International Red Cross and urged that the proposal should be rejected.

political and prestige interests above the welfare of the flood victims. The rejection could probably be exploited with great effectiveness by U.S. and Chinese Nationalist propaganda organs.

The offer would underscore the important fact (too often overlooked) that the Chinese Nationalist Government asserts sovereignty over the Chinese mainland. The stature of the Chinese Nationalist Government would be increased by the mere making of the offer, and doubly so in the highly unlikely event of acceptance of the offer.

The offer could be convincingly held out as a bona fide one. If it is refused by the Communists, the pressures on us to make a direct relief offer to the Chinese Communists (which we believe to be full of dangers) would be appreciably reduced. The unwillingness of the Chinese Communists to put the welfare of its populace above extraneous considerations would be established.

Recommendation:

That the proposal in Tab A be approved.[4]

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[4] Dulles' Aug. 17 memorandum to Robertson (see footnote 1 above) reads as follows:

"In view of the forceful and cogent objections raised by Allison and Hull to U.S. flood relief aid to Mainland Chinese, I believe that this project should be definitely abandoned. However, I am intrigued by the idea of putting the Chinese Nationalist Government in a position to offer such aid. I do not want definitely to approve it until it has been submitted to Allison and Hull to be sure that it does not encounter the objections of the earlier budget. I think that it would not because there could be no possibility of misconstruing the motivation of the Chinese Nationalist Government. Unless Allison and Hull have serious objections, I would favor proceeding with the project, as outlined in your memorandum to me of August 16."

A memorandum of Aug. 25 from Robertson to Under Secretary Smith stated that the matter was under consideration by the Operations Coordinating Board; an OCB working group had recommended adoption of the proposal for U.S. support of a Chinese Nationalist food offer. (OCB files, lot 62 D 430, "China (Communist)")

No. 256

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 211th Meeting of the National Security Council, Washington, August 18, 1954 [1]

TOP SECRET EYES ONLY

Present at the 211th meeting of the Council were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; the Direc-

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[1] Drafted by Gleason on Aug. 19.

tor, Foreign Operations Administration; and the Director, Office of Defense Mobilization. Also present were Mr. Tuttle for the Secretary of the Treasury; the Director, Bureau of the Budget; the Secretary of the Army; the Secretary of the Navy; the Acting Secretary of the Air Force; the Chairman, Joint Chiefs of Staff; Gen. Bolte for the Chief of Staff, U.S. Army; Adm. Duncan for the Chief of Naval Operations; the Chief of Staff, U.S. Air Force; Gen. Pate for the Commandant, U.S. Marine Corps; the Acting Director of Central Intelligence; the Assistant to the President; Mr. Cutler, Special Assistant to the President; Mr. Bowie, Department of State; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the chief points taken.

Review of U.S. Policy in the Far East (NSC 5429 and NSC 5429/1; [2] Memo for NSC from Acting Executive Secretary, subject: "United States Objectives and Courses of Action with Respect to Southeast Asia", dated July 19, 1954; [3] NSC Action No. 1204; Progress Report, dated July 12 [*1*], 1954, by the OCB on NSC 171/1; [4] Progress Report, dated July 16, 1954, by the OCB on NSC 146/2; [5] Progress Report, dated July 29, 1954, by the OCB on NSC 5409; [6] Progress Report, dated August 6, 1954, by the OCB on NSC 5405; [7] Memo for Planning Board from Executive Secretary, same subject, dated August 13, 1954) [8]

After Mr. Cutler had reminded the Council of its previous action with respect to this paper, he invited their attention to paragraph 8 of Section III, regarding action in the event of local subversion in Southeast Asia, on which paragraph the Council had not acted at its previous meeting.

The President interrupted Mr. Cutler's briefing to point out that if an instance of subversion which was strictly local in inspiration should occur in Southeast Asia, the United States would not be able to intervene; but that if such subversion were the result of Chinese Communist motivation, the President would be quite right

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[2] For NSC 5429, see Document 248. NSC 5429/1, Aug. 12, consisted of NSC 5429 as amended by the National Security Council in NSC Action No. 1204 on that date; no amendments were made in Section IV, which was not considered at that meeting. (Memorandum of discussion by Gleason, Aug. 12; Eisenhower Library, Eisenhower papers, Whitman file)

[3] Not printed. (S/S–NSC files, lot 63 D 351, NSC 5405 Series)

[4] Scheduled for publication in volume XII, Part 2.

[5] Not printed. (S/S–NSC files, lot 63 D 351, NSC 146 Series)

[6] For text, see vol. XI, Part 2, p. 1136.

[7] Not printed. (S/S–NSC files, lot 63 D 351, NSC 5405 Series)

[8] This transmitted to the Council a memorandum of Aug. 11 from the Joint Chiefs of Staff to the Secretary of Defense, commenting on NSC 5429; for the JCS memorandum, see vol. XII, Part 1, p. 719.

in seeking Congressional authority for the United States to intervene.

Mr. Cutler resumed his briefing by indicating a proposed CIA revision of this paragraph, copies of which [9] were given to the members of the Council.

Secretary Dulles then stated that he had a number of language changes in the existing paragraph, all of which were designed to reflect more accurately the meaning and substance of the present paragraph. One of the objectives of this language, said Secretary Dulles, was to avoid a fixed or automatic commitment to seek authority to intervene in Southeast Asia.

After further discussion of Secretary Dulles' changes, the Vice President suggested that it was unwise in the existing text to limit the possible use of U.S. military forces only to action "locally or against Communist China". The language should be changed, thought the Vice President, to read action against "the source of the aggression". The Vice President explained his proposal by stating that it was quite possible that the Soviet Union itself directly, rather than through Communist China, might inspire local subversion or rebellion. The Vice President pointed out that there had been considerable argument that Ho Chi Minh was the agent of the USSR rather than the creature of Communist China. Accordingly, the Vietminh might stir up subversion and rebellion in Southeast Asia at the direct behest of Soviet Russia. The broadened language would take account of this contingency.

The President commented that of course if the Soviet Union were the motivating source of the subversion, it would mean general war. Mr. Cutler commented that it was the view of the Planning Board that if such subversion occurred elsewhere in Southeast Asia, Communist China was likely to be at the bottom of it, and the present language was therefore designed to hit Communist China in such a contingency. He did suggest, however, the addition of a phrase to read "if it [Communist China] is determined to be supporting such subversion or rebellion".

The Vice President replied that the term "locally" obviously referred to the country in which the insurrection or subversion occurred. Supposing this country were Indonesia and the Vietminh was the aggressor. Would the United States then be obliged to attack Communist China? Mr. Cutler pointed out that our military people had been anxious to avoid peripheral wars and to launch an attack on China if that country proved to be the real aggressor in Southeast Asia. Accordingly, he would like to hear from the military advisers to the Council on this subject. After further discus-

[9] Not attached to the source text.

sion, the Council reached agreement on an appropriate revision of paragraph 8.[10]

Mr. Cutler then reminded the Council that in its previous consideration of the present paper it had not dealt with Section IV, which presented alternative U.S. policies vis-à-vis Communist China. Accordingly, the next order of business was for the Council to discuss these alternatives and, if possible, to make a choice among them. Mr. Cutler also pointed out the view of the Joint Chiefs of Staff, supported by ODM, that Communist China was the heart of the problem for U.S. policy in Asia, and that this section should therefore come first in the paper. The majority of the Planning Board, however, had not agreed with this proposal, and did not believe that any significance should be attached to the incidence of the several sections of the paper.

The Vice President immediately inquired of Mr. Cutler whether the Planning Board really did not believe that Communist China was the key problem for American policy in Asia. Mr. Cutler assured the Vice President that there was no real disagreement between him and the Planning Board on the top importance of Communist China.

Mr. Cutler then proposed to summarize and characterize the four alternative policies on Communist China set forth in Section IV. These four alternatives had been painted in broad strokes. The Planning Board intended, after securing Council guidance on the general problem of Communist China, to proceed to rewrite the ten country and area policies for Asia.

Mr. Cutler then characterized the four alternatives. The first alternative could be described, he said, as a "soft" policy, representing the objective of peaceful coexistence. Alternative B was essentially existing U.S. policy with respect to Communist China, with the addition of one new thought contained in paragraph 13–a–(2), which directed that the United States should "retaliate promptly and appropriately for any Communist Chinese violation of accepted international behavior, other than armed aggression, directly affecting U.S. security interests." Alternative C, said Mr. Cutler, presented a tougher policy with respect to Communist China.

Secretary Dulles interrupted Mr. Cutler to inquire whether the statement in Alternative B, paragraph 13–a–(1), was actually a part of our present policy. This paragraph read: "Make clear to Communist China our determination to attack Communist China only if it commits armed aggression." Mr. Cutler replied that he believed that this was so, and the President added that he believed it was part of our present policy at least by implication, adding that both

[10] This was the action taken by the Council at the conclusion of the discussion.

the President himself and the Secretary of State had said as much. Secretary Dulles replied that he had doubts as to the appropriateness of the word "only" in this paragraph, and the President added that he believed that the thought in the paragraph could be expressed more positively.

Mr. Cutler then resumed his briefing by a further characterization of Alternative C. It was a good deal like Alternative B, except that it called for the United States to prevent by force any further expansion of Communist control in Asia. The last alternative, D, was the toughest policy of all.

Mr. Cutler then said he wished to read excerpts from the views of the Joint Chiefs of Staff on the present paper. Their comments in general, he said, could be divided into three parts. The first were comments generally critical of the paper because it lacked a statement of U.S. objectives and broad courses of action with respect to the Asian area as a whole. Mr. Cutler agreed that there was some substance to this criticism by the Joint Chiefs of Staff, but pointed out that if the Council were able to decide on the broad problems raised by the present paper, and could likewise make up its mind with regard to the general U.S. position vis-à-vis Europe and Latin America, the Planning Board would proceed to take a fresh look at the basic national security policy of the United States.

The President said that he saw no particular reason why the present paper must include a lengthy statement of objectives, as the Joint Chiefs seemed to desire. He personally had no objection to the approach to the problem taken in the present paper.

Returning to the views of the Joint Chiefs of Staff, Mr. Cutler pointed out that three of the Chiefs (Navy, Air Force and Marine Corps) had recommended adoption of Alternative C subject to certain amendments. Finally, said Mr. Cutler, he wanted to bring to the Council's attention the minority view of the Chief of Staff of the Army.[11] He proceeded to read General Ridgway's objection and comment regarding the present paper. Mr. Cutler pointed out his own view that General Ridgway's comment actually indicated greater dissatisfaction with the basic national security policy (NSC 162/2)[12] than with the present paper on U.S. policy in the Far East. This was indicated by the last sentence of General Ridgway's comment, which read: "Prompt strengthening of our military capabilities in order that American diplomacy may have that essential

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[11] General Ridgway's comments were incorporated in the JCS memorandum cited in footnote 8 above. He disapproved of all four alternatives with regard to China in NSC 5429, stating, "it seems axiomatic to me that one principal *objective* . . . [of U.S. foreign policy] should be to split Communist China from the Soviet Bloc."

[12] NSC 162/2, "Basic National Security Policy," Oct. 30, 1953; for text, see vol. II, Part 1, p. 577.

military support without which it cannot hope to succeed." Mr. Cutler then asked the Council to express its views regarding the four alternatives presented in the Planning Board's draft.

Dr. Flemming expressed the opinion that in view of the action just taken on paragraph 8 of Section III, the Council should examine Alternative C as the logical starting point in the discussion.

Secretary Dulles inquired whether the purpose of the forthcoming discussion of alternatives would be confined simply to an exchange of viewpoints, or was designed actually to achieve a decision among the alternatives offered. Speaking for himself, he said, he did not believe that consideration of the problem of Communist China had reached a point which would warrant decision now. The problem of Communist China he described as very intricate, and its relations with other states changing from day to day. The shifting relations, for example, between Communist China and Soviet Russia were so delicate as to make them extremely hard to appreciate. Nevertheless, all these considerations militated against adoption of any of the four alternatives by the Council at the present time. In addition, there was the problem of our allies. It was obvious that there would be no shred of allied support for Alternative D. We must take into account the fact that the mood of the rest of the free world toward Communist China has materially changed in recent months. United States policy must take this fact into consideration, whether we liked it or not. As a specific illustration, Secretary Dulles cited the pressures which Prime Minister Churchill was bound to feel when the Attlee mission [13] returned from Communist China and Parliament reconvened. In view of all these considerations, Secretary Dulles said that it was his own conclusion that he must give the problem of Communist China a great deal more thought than he had had time to do up to the present, and most particularly the consequences for U.S. policy of the changing views of our allies with respect to Communist China.

Mr. Cutler commented that in effect Secretary Dulles' conclusion amounted to a recommendation that Alternative B should be chosen, since this alternative represented existing U.S. policy toward Communist China, which Secretary Dulles did not wish to see changed at the present time. Secretary Dulles asked whether, in fact, Alternative B actually reflected existing policy, and Mr. Cutler replied that the Planning Board intended Alternative B to summarize current policy. In any case, said Secretary Dulles, he did not think we should move away at this time from our existing policy. He agreed, however, that there was much value in the com-

[13] A British Labor Party Delegation headed by Clement Attlee was then in the People's Republic of China.

ments of General Ridgway, although he could not bring himself to agree with the last sentence of the comments.

Mr. Cutler then explained why the Planning Board had included Alternative A, representing a "soft" policy toward Communist China. The Planning Board, he said, did not endorse such a soft policy or, indeed, any of the other alternatives set forth in the paper. Alternative A had been included to provide the Council with a rounded view of all the possible alternatives, ranging from the softest to the hardest policy, in order to facilitate full Council discussion.

Dr. Flemming inquired whether the Council had not, by virtue of its decision on paragraph 8 of Section III, already moved from the milder policy set forth in Alternative B (paragraph 13–a) in the direction of the stronger policy set forth in Alternative C (paragraph 14–a). Secretary Dulles replied that this was not necessarily the case, since paragraph 8 of Section III related to U.S. action with respect to the specific situation in Southeast Asia. Indeed, he said, if paragraph 14–a–(1), which called for the use of force to prevent any further expansion of Communist control in Asia, had been in force a year ago, the United States would have been obliged to go to war to prevent the Chinese Communists from taking control of Tibet.

Mr. Cutler then referred again to the majority view of the Joint Chiefs of Staff, indicating his own belief that the revised wording suggested by the Joint Chiefs of Staff for Alternative C actually constituted an improvement over the language of the Planning Board draft.

Dr. Flemming agreed with Mr. Cutler's opinion, and suggested the desirability of basing the discussion on the JCS language. If adopted, their revised Alternative C would provide the Government with a better basis for planning, both military planning by the Joint Chiefs of Staff and mobilization planning by the ODM.

Admiral Radford said that he did not believe that the question of a planning basis was of prime importance. One thing at least that all the Chiefs agreed upon was the undesirability of getting into war on a piecemeal basis. The heart of the problem confronting U.S. policy in Asia was how to handle Communist China. A solution of that problem by all odds provided the best planning basis for the Joint Chiefs of Staff.

The President interrupted Admiral Radford to inquire whether the Admiral did not, after all, believe that what we really must do was to build up our position on a basis of military readiness. It was extremely hard to lay down in advance precisely what course of military action we would follow, but at least we know that we must be ready with a respectable level of military preparedness and

thereafter decide what we ought to do if the contingency confronted us. Was not this, inquired the President, sufficient to provide the Joint Chiefs of Staff with an adequate basis for military planning?

Admiral Radford did not reply specifically to the President's question, but pointed out that owing to the fact that he had just returned from leave, he had not had an opportunity to digest fully the views of the Joint Chiefs of Staff on the present paper. Offhand, however, he said he was inclined to agree with the majority view (Navy, Air Force and Marines). On the other hand, he did not really understand General Ridgway's position, and had had no opportunity to discuss the matter with General Ridgway. Nevertheless, he was very skeptical of any policy based on trying to split Communist China and the Soviet Union. We had been trying to do precisely this ever since 1950, and with very scant success. He thought that the tie-up was something religious in nature, and he doubted the possibility of breaking it. Accordingly, if China continued to be Communist and continued to increase its power in mainland Asia, Japan would soon have no other course than to accomodate itself to Communism. In short, there would be no way to prevent all Asia from going Communist if Communist China's power continued to expand. With regard to our allies, it was, said Admiral Radford, obviously important to have them with us, but it might be necessary, in defense of vital security interests of the United States, to act without our allies.

As for the soft policy in Alternative A, continued Admiral Radford, this appeared to him as merely an invitation to Communize all Asia. As for Alternatives B, C and D, so far as he could see they really didn't differ a great deal from each other, since if the United States undertook to carry out the policies in Alternative B or C, the situation envisaged in Alternative D would almost certainly come to pass, whether we liked it or not. After all, Communist China had the initiative and would bring this situation into being. In short, if the Council adopted Alternative B or C, the United States would nevertheless be confronted with clear-cut cases which would call for the active intervention of the United States in Asia if we actually adhered to our policies. In illustration of his argument, Admiral Radford cited the fact that the Vietminh were not living up to their commitments under the armistice agreement. It was almost certain that within the next six months the Vietminh leaders would promote a situation in Vietnam which would call for action by the United States against them if we adopt the policies set forth in Alternatives B, C or D.

What will help the Chiefs of Staff most, said Admiral Radford in conclusion, will be to know clearly whether it is the national aim

of the United States to have a friendly non-Communist China, or whether it is the aim of the United States to accommodate to a Communist China over a long period of time. The important thing for the National Security Council to realize is that unless it should adopt the soft policy in Alternative A, the rest of the paper was a "guessing exercise".

Mr. Cutler replied by pointing out to Admiral Radford that while language was difficult, the Planning Board had thought that there were very marked differences between Alternative B and Alternative D.

The President stated that he was in complete agreement with everything that Admiral Radford had said. There was no argument in his mind at all. In his view, it was hopeless to imagine that we could break China away from the Soviets and from Communism short of some great cataclysm. In any event, we should not count on such a split, although history did seem to indicate that when two dictatorships become too large and powerful, jealousies between them spring up. Then, and only then, is there a chance to split them apart.

Secretary Dulles said that he was inclined to believe that over a period of perhaps 25 years China and Russia would split apart because of the pressure of basic historical forces and because the religious fervor of Communism would have died down. The Chinese were very proud of their own history, and Chinese did not like Russians. In the end, therefore, they would split apart: the problem for us was whether we could play this thing for 25 years. Could we afford to wait that long for a split between these two enemies?

Governor Stassen answered Secretary Dulles' question by pointing out his own fear that the Chinese Communists were going to attempt to capture certain of the offshore islands near Formosa in a very short period of time—perhaps even before the November elections in the United States. This should be kept in mind, for while it might be true that dictatorships collapse after a certain period of years, such a collapse was by no means automatic, and would not occur unless the dictatorship were confronted by some great force. The basic fallacy in Alternative A, continued Governor Stassen, was the idea that you could split Communist China from Soviet Russia by wooing the Chinese. Actually, what we really should do is, when the Communist Chinese make their next aggressive move, to "take on" Communist China and make every effort to keep the USSR out of the ensuing war.

The President commented that he completely disagreed with the views expressed by General Ridgway with regard to Communist China. The idea, explained the President, that the destruction of the military power of Communist China was not in accordance

with the long-range interests of the United States "scared the hell out of him" in view of the firm alliance between China and Russia. Secretary Wilson attempted to explain General Ridgway's position by pointing out that General Ridgway feared that if Communist China's military power were completely destroyed, the result would be a power vacuum into which Soviet Russia would surely move.

Mr. Cutler then pointed out the particular interest of the Vice President in the Asian area, and asked him to express his views. Initially the Vice President expressed his agreement with Secretary Dulles' view that any decision to change existing U.S. policy toward Communist China should be postponed for the time being. The Secretary of State and other experts in this field ought to cogitate on this problem for a long time and then bring the subject back to the Council for more discussion. Personally, however, and without any claims to being an expert, the Vice President said that he was at least convinced that China was the key to Asia. It was the great dynamic force in Asia and for that reason we could well afford to take a month to make up our minds finally on how to handle Communist China. The Vice President added that he felt that the policy set forth in Alternative A was wholly academic. This soft policy represented the official British position toward Communist China, but it was also the position shared by a number of non-Communist Americans, as was indicated by a recent speech by John Cowles. What, precisely, was involved in this position? What did it mean? It involved how much we were willing to trade with Communist China; whether or not we would recognize Communist China; whether and when Communist China should be admitted to the UN. Why, asked the Vice President, do the British think the way they do on this subject? Answering his own question, the Vice President believed that part of the explanation was a defensive reaction on the part of the British. They had recognized Communist China early in the game, and they now hated to admit their mistake. It was also significant that when one talked to Britishers out in the field in Asia, many of the most able of them, such as Templer [14] and MacDonald, would freely admit that there wasn't a chance in the world that Mao would become a Tito.

Ultimately, said the Vice President, we would have to face the final decision whether to adopt a hard or a soft policy toward Communist China. Personally, he did not believe that any soft policy would work over the period of the next 25 or 50 years. On the contrary, he believed such a soft policy would result in complete Chinese Communist domination of Asia. All that, however, was a prob-

[14] Gen. Sir Gerald Templer, British High Commissioner for the Federation of Malaya.

lem for the experts to decide. Let the current policy stand as it is until Secretary Dulles and other experts in the field can come up to the Council with a considered judgment, perhaps in a month or so.

Secretary Dulles expressed agreement with the Vice President's view that there was no necessity to choose between these alternatives at this time. What preoccupied him, continued Secretary Dulles, was to avoid getting the United States into a war which the whole world would believe we were wrong to be in. This did not mean, of course, that we should run away from anything or everything that might involve us in war with Communist China. On the other hand, Secretary Dulles reiterated that he did not wish to see the United States become involved in a major war where world public opinion would be wholly against the United States, because that, he said, was the kind of war you lose. World public opinion was a tremendous force which must be reckoned with.

The President reinforced Secretary Dulles' point by adding his own view that the United States could not afford to become involved in such a war even if the rest of the world would declare simply for neutrality.

The Vice President said that it seemed to him that there was an invariable tendency, when we discussed China or Russia, to assume that there were only two alternative courses of action open to us. In reality, the choice was not confined to war or coexistence. There was a third course.

The President asked if he could interrupt to inquire what the Vice President meant by the term "coexistence". The Vice President replied that a great many people meant by this term the policy which was reflected in Alternative A of the present paper. It meant putting your arms around the enemy and clasping them to your breast. Certainly the course we are thinking about is not the course that, rejecting war, we must appease Communist China. There was an area of action in between war and appeasement which we should explore, on the basis that in the long run Soviet Russia and Communist China can and must be split apart. If we were to follow Alternative A, Communist Chinese power would sweep over Asia. Coexistence in that sense we certainly reject. This, however, did not mean that we must go to war with Communist China. In fact, a tough coexistence policy may be in the long run the best method of driving a wedge between China and Soviet Russia.

Secretary Wilson commented that as he saw it, the Vice President was attempting to make a distinction between cohabitation and coexistence. Amidst laughter, the President said he thought Secretary Wilson had something there, and added that he was

going to stop using the word coexistence because there was no real definition of its meaning. Secretary Wilson added that despite the terrific growth in the strength of Communist China, he had not given up hope that a free civilization could be created and maintained on the offshore island chain of Asia.

Governor Stassen said that he had one more point to make with respect to the discussion of world public opinion and the attitude of our allies. Whether or not the United States kept its allies would depend in large degree on whether these allies judged that the United States was proving successful in carrying out its policies, whether we were actually winning the struggle in Asia. In this connection, Governor Stassen warned of the extreme danger of any relaxation by the United States of its defense posture because the Communists elected to pursue a soft tactic.

Mr. Cutler then inquired whether the Council would act to request the Secretary of State to bring back his views on policy toward Communist China in a month's time, accepting meanwhile as U.S. policy Alternative C of the present paper as amended by the Joint Chiefs of Staff. The President endorsed this suggestion, and expressed the opinion that when the Secretary of State had studied the matter further we should very likely end up with essentially the views of Alternative C.

Mr. Cutler said that before the Council ended its meeting he had one or two questions to raise with respect to Formosa. In the first place, should the military defense of Formosa by the United States be extended to include other offshore islands than the Pescadores? The President turned to Admiral Radford and asked his opinion on Mr. Cutler's question.

Admiral Radford replied that it was his personal feeling that the United States simply could not afford to lose any more ground in the Far East, and that we should accordingly hold these islands. There are about six such islands presently held by Chinese Nationalist forces. Admiral Radford said he would hold all of these, including the island of Quemoy, despite the fact that this latter island was only five miles from the Chinese mainland. Mr. Cutler then suggested that the Council request the Department of Defense to provide a report on U.S. policy with respect to these islands. The Council concurred in this suggestion. The President commented that he had imagined that these islands were vital outposts for the defense of Formosa, and that we should go as far as possible to defend them without inflaming world opinion against us.

Secretary Dulles said he hated to introduce difficulties, but had any member of the Council given thought to the problem of Congressional authority in this matter? Admiral Radford expressed the thought that Congress had already acquiesced in our intention of

defending these offshore islands, but Secretary Dulles insisted that the defense of all these islands would involve a material change in the existing orders to the Seventh Fleet. He added that President Truman had never taken Congress into his confidence with respect to the precise area involved in the defense of Formosa. If this area were to be enlarged, the risk of war would naturally be increased, and Congress should be aware of the situation.

Mr. Cutler suggested that the problem raised by Secretary Dulles should be included in the forthcoming report on the subject from the Defense Department. Admiral Radford explained the reasons why he believed that it was essential that we continue to assist in the defense of these offshore islands, including Quemoy. In the first place, most of these islands contained radar and other installations which greatly facilitate the defensive task of the Seventh Fleet. Secondly, and more general, the United States could not afford, psychologically and otherwise, to see more territory pass under the control of Communist China.

[Here follows discussion concerning a proposal for the creation of an International Voluntary Air Group for Southeast Asia.]

The National Security Council: [15]

a. Continued the discussion of the subject on the basis of the statement of policy in NSC 5429/1, the comments thereon of the Joint Chiefs of Staff (transmitted by the reference memorandum of August 13), and the reference reports by the Operations Coordinating Board.

b. Adopted paragraph 8 of Section III of NSC 5429/1, revised to read as follows:

> "8. *Action in the Event of Local Subversion.* If requested by a legitimate local government which requires assistance to defeat local Communist subversion or rebellion not constituting armed attack, the U.S. should view such a situation so gravely that, in addition to giving all possible covert and overt support within Executive Branch authority, the President should at once consider requesting Congressional authority to take appropriate action, which might if necessary and feasible include the use of U.S. military forces either locally or against the external source of such subversion or rebellion (including Communist China if determined to be the source)."

c. Agreed to accept Alternative C of Section IV of NSC 5429/1, subject to the following changes, as a basis for further consideration in the light of the review referred to in e below:

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[15] The lettered subparagraphs constitute NSC Action No. 1206. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the National Security Council, 1954")

(1) Revise subparagraph a, as recommended by the Joint Chiefs of Staff, to read as follows:

"a. (1) React with force, if necessary and advantageous, to expansion and subversion recognizable as such, supported and supplied by Communist China.
"(2) React with immediate, positive, armed force against any belligerent move by Communist China."

(2) Revise subparagraph b, as recommended by the Joint Chiefs of Staff, to read as follows:

"b. Increase efforts to develop the political, economic and military strength of non-Communist Asian countries, including the progressive development of the military strength of Japan to the point where she can provide for her own national defense and, in time, contribute to the collective defense of the Far East."

(3) Revise subparagraph e, as recommended by the Acting Director of Central Intelligence, to read as follows:

"e. Create internal division in the Chinese Communist regime and impair Sino-Soviet relations by all feasible overt and covert means."

d. Agreed that Section IV of NSC 5429/1 should be transposed as Section I, and subsequent sections renumbered accordingly.
e. Agreed that the statement of policy on Communist China should be considered as a basis for further consideration in the light of a review by the Secretary of State and report to the Council within approximately a month.
f. Agreed that the Department of Defense should submit for Council consideration on September 9, 1954, recommendations as to U.S. policy in the event of a Chinese Communist attack on the offshore islands held by Chinese Nationalist forces.
g. Adopted the recommendation of the Operations Coordinating Board, contained in the enclosure to the reference memorandum of July 19, 1954, that the plan for an International Volunteer Air Group be held for possible future use not only in Southeast Asia but in any part of the world where required.

Note: NSC 5429/1, as finally adopted, approved by the President, who directs its use as a general guide in the implementation of pertinent policies toward the Far East by all appropriate Executive departments and agencies of the U.S. Government, and designates the Operations Coordinating Board as the coordinating agency. NSC 5429/1, as adopted and approved, subsequently circulated as NSC 5429/2. [16] The action in e above subsequently transmitted to the Secretary of State. The action in f above subsequently trans-

[16] For text of NSC 5429/2, Aug. 20, see vol. XII, Part 1, p. 769.

mitted to the Secretary of Defense. The action in g above subsequently transmitted to the Operations Coordinating Board.

S. EVERETT GLEASON

No. 257

Secretary's Memoranda of Conversation, lot 64 D 199

Memorandum of Conversation, by the Deputy Director of the Office of Western European Affairs (Tyler)

SECRET [WASHINGTON,] August 18, 1954.

Subject: Visit of French Ambassador

Participants: The Secretary
Ambassador Bonnet, French Ambassador
Mr. William R. Tyler, WE

Ambassador Bonnet called on the Secretary at the latter's request.

1. The Secretary told him that he hoped that the French Government would not deviate from its present policy of non-recognition of Communist China and that it would observe the moratorium during the forthcoming General Assembly session. He added that rumors had come to our ears of a possible change in the French position and that if these were true, we would consider it a serious matter.

The Ambassador unhesitatingly replied that no change was contemplated by the French Government. He had read the transcript of the conversation of Mendes-France with Chou En-lai [1] and there had been no reference whatsoever to the subject. The Ambassador was convinced that there was no secret agreement or understanding between France and Communist China concerning recognition. Indeed, he said, there were no conversations going on between the two countries on any subject and France was maintaining the embargo on strategic materials.

[Here follows discussion pertaining to Indochina and the proposed European Defense Community.]

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[1] French Premier Pierre Mendès-France had met with Chou En-lai at Bern, Switzerland, on June 23; regarding their meeting, see Secto 517 and telegram 5035, both June 24, vol. XVI, pp. 1233 and 1239, respectively.

No. 258

611.90/8–1654

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State [1]

TOP SECRET [WASHINGTON,] August 19, 1954.

Subject: Ambassador Allison's Telegram No. 374 (Tab A) [2]

The developments discussed in Ambassador Allison's telegram No. 374 on which additional information appears necessary are discussed separately in the four attachments [3] listed below. You will note that in each case our information indicates that Ambassador Allison's conclusions may be somewhat extreme.

Enclosure No. 1

Tuapse Case

The Chinese Nationalist Navy intercepted the Soviet tanker *Tuapse* on June 23 between Luzon and Formosa. It was taken to the Formosan port of Kaohsiung, where it is still held. The cargo of kerosene, useable as jet fuel, was unloaded. The Chinese are attempting to induce defections among the crew. Two defectors apparently have already been obtained. The Chinese used maritime intelligence supplied by us in intercepting the vessel, and two Polish vessels seized earlier.

A strong reaction by the Soviets to the seizure, as expressed in two notes of protest addressed to the U.S. Government, [4] added to oral expressions of concern from the Australian and New Zealand Governments that the incident might afford the Soviets a pretext for naval activity in the Western Pacific, [5] prompted the Under Secretary on July 9 and August 5 to instruct our Embassy at Taipei to urge the Chinese to release the vessel immediately. We cited the lack of legal grounds for continued detention of the vessel, the risk of Soviet reprisals, the adverse reaction of various countries and the possible impairment of the international position

[1] A handwritten notation on the source text by Roderic O'Connor indicates that the memorandum was seen by Secretary Dulles.

[2] Document 253.

[3] The four attachments, all unsigned and undated, were in effect component parts of Robertson's memorandum, and the three here printed are so treated. The third, headed "Rastvorov Case," is not printed.

[4] For the first Soviet note, dated June 24, see footnote 5, Document 226; a second note, dated July 2, and the U.S. reply, dated July 4, are printed in Department of State *Bulletin*, July 26, 1954, p. 131.

[5] No record of these conversations has been found in Department of State files.

of Nationalist China. To date the Generalissimo has not released the tanker, although our Embassy in Taipei reports that on August 16 he said to our Chargé that he had not been aware of the American viewpoint and that the matter required further consideration. The Embassy believes that this remark may presage early action.

FE understands that the OCB at a luncheon meeting on July 21, with Acting Under Secretary Murphy representing the Department, decided to withhold from the Chinese Nationalists for the time being U.S. intelligence on the position and course of Communist vessels. Presumably this decision will stand at least until the *Tuapse* is released. Since we have not pressured the Chinese to give up the confiscated cargo of the *Tuapse,* it can hardly be said that "a complete backdown" has occurred, although we have receded somewhat from our earlier decision to give specific assistance to the Chinese in the interception of Communist shipping.

Enclosure No. 2

Naval Sweep of Last May by Seventh Fleet

According to the Navy Department it knows of no Seventh Fleet naval demonstration "which led to withdrawal in confusion." This may refer to the sweep made by the Seventh Fleet under Admiral Pride [6] off the Tachen Islands last May. Although this operation went off without incident, it is surmised that Ambassador Allison's thought may be that "withdrawal in confusion" might have resulted from this sweep if the Communists had attacked, since Admiral Pride apparently had orders not to shoot.

Enclosure No. 4

Prospective Visit to Tachen Islands by 7th Fleet

The naval operation cited in the second paragraph is scheduled to take place August 19 or 20, [7] and will involve the landing of a few naval personnel on the Tachen Islands for courtesy calls. It is understood that for this operation the restrictions against shooting which applied to the May operation have been removed, except that fire from Communist Mainland shore batteries may not be returned. Attacks by Communist vessels or aircraft, however, can be

[6] Adm. Alfred M. Pride, Commander, Seventh Fleet.

[7] Another memorandum of the same date from Robertson to Dulles stated that he had learned from the Office of the Chief of Naval Operations that Admiral Stump had reported the completion of his visit to the Tachen Islands, which had taken place without incident. (FE files, lot 55 D 480, "Formosa Book")

met and the attacking craft pursued. [8] This operation is being carried out in pursuance of NSC action 1136b of May 27, 1954 [9] as amended by NSC action 1146 of June 3, 1954. (Tab A) [10]

The planning for this visit is highly classified, and it would be a breach of security, as well as unnecessary, to notify the Japanese Government in advance. [11]

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[8] Telegram 311749Z from Chief of Naval Operations to CINCPAC, July 31, 1954, read in part as follows:

"At discretion, between 15 and 31 August, not over one division DD's will visit Tachen island group. Visit will be completed during daylight hours. Air recco will be conducted prior to and during visit. Ships will anchor and token personnel landed. No shore leave or liberty will be granted. Carrier based air will provide air cover. Avoid provoking incidents, but if attacked, engage attacking forces with all means available. Retaliatory attacks on Chinese mainland not authorized." (JCS records, CCS 381 (4–16–49) Sec. 6)

[9] See footnote 3, Document 198.

[10] See footnote 3, Document 207.

[11] A note on the source text in Robertson's handwriting reads: "This is now water over the dam. WSR"

No. 259

PPS files, lot 65 D 101, "China"

Memorandum by Harry H. Schwartz of the Policy Planning Staff to the Director of the Staff (Bowie)

TOP SECRET [WASHINGTON,] August 20, 1954.

Subject: U.S. Policy toward Formosa and the "Offshore Islands"

I have gathered together and am quoting below for you what I could find of U.S. official *written* policy on the subject.

[Here follow quotations from or paraphrases of President Truman's statement of June 27, 1950, concerning Formosa; President Eisenhower's State of the Union message to Congress of February 2, 1953; telegram 546 of February 6, 1953, to Taipei and the Defense Department directive to CINCPAC quoted therein; NSC 146/2 of November 6, 1953; and NSC Actions No. 1136 of May 27, 1954, and 1146 of June 3, 1954.]

9. From Walter McConaughy I obtained the following information with respect to defense of the offshore islands:

a. There are no U.S. commitments of any kind, public or private, to defend the islands.

b. This Government has taken no clear position publicly with respect to the offshore islands.

c. As a result of NSC Actions 1136 and 1146 there have been two Navy visits to the Tachen Islands, one in May, and one day before

yesterday (Department had prior information that Admiral Stump was personally going on this last visit).

d. The commanding officer of the first fleet in May was given orders not to return any Chinese Communist fire; for this last visit and for succeeding visits the orders now are to return fire.

e. MAAG on Formosa has given assistance to the Chinese Nationalist forces on the offshore islands in the form of training and equipment but without placing personnel on the islands.

. . . . . .

g. There are somewhere around 48 offshore islands. The main ones are the Tachens, well north of Formosa, which have about 20,000 Chinese Nationalist troops and one of their better generals; Matsu, opposite Formosa with 5,000 to 7,000 troops; and Quemoy, located in the Harbor of Amoy, with troops amounting to something less than a division.

h. The view of the Joint Chiefs with respect to the military importance of these islands centers on their use as early warning stations.

10. On June 23 the Chinese Nationalist Navy seized the Soviet tanker *Tuapse*. On July 23 Chinese Communist Air Force planes shot down British Air Cathay commercial liner off the coast of Hainan. On July 26 American Navy fighters shot down two Chinese Communist Air Force fighters off the coast of Hainan. The connection between these events as related to the NSC on July 29 by Mr. Allen Dulles [1] (and to the Planning Board by Mr. Robert Amory [2]) is as follows: After the seizure of the Soviet tanker the Chinese and the Soviets ordered all of their ships into the closest ports while they took time out to analyze what was going on. They spent about ten days doing so apparently. As they consider that the Chinese Nationalists are complete American stooges they must have assumed that the Soviet tanker was seized upon American orders. They must further have assumed that this was the first implementation of a U.S. policy to seize all Communist shipping in the area. They decided they could not put up with this without a fight and determined to give naval or air protection to their shipping from then on.

HARRY H. SCHWARTZ

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[1] See Document 244.

[2] Deputy Director for Intelligence, Central Intelligence Agency.

No. 260

611.00/8-2054: Telegram

The Secretary of State to the Embassy in Japan

SECRET WASHINGTON, August 20, 1954—8:38 p.m.

395. Eyes only for Ambassador from Secretary.

Dear John:

It is difficult to avoid confusion because it is hard to keep separate the theories which the columnists portray and the genuine official positions.

I suggest that for background you reread the President's statement of December 26, 1953, [1] my speech of January 12, 1954 [2] and my March 16, 1954 article in *Foreign Affairs* on "Policy for Security and Peace."

I refer particularly to our thesis that potential aggressor must know that he cannot always prescribe battle conditions that suit him. The way to deter aggression is to be willing and able to respond at places and by means of our choosing. I also put it that the heart of the problem of deterring attack is to leave a potential aggressor in no doubt that he would suffer damage outweighing any possible gains from aggression. I go on to say that "the Soviet Chinese bloc does not lack manpower and spends it as something that is cheap." On the other hand I refer to our assets including especially "air and naval power and atomic weapons" and say that the "free world must make imaginative use of the deterrent capabilities of these new weapons and mobilities."

We do not care to meet the aggressors' third team by pitting our foot soldiers against those of Vietminh in Indochina or those of North Korea in Korea. Thus, we were never willing to commit substantial ground forces in Indochina, and we do not intend to do so under SEATO (see our 184, July 23). [3] We are redeploying from Korea in accordance with the basic policy above described and which was in condensed form expressed in the President's statement of December 26, 1953.

On the other hand lest our actions described in the above paragraph be misinterpreted as weakness or fear, it seemed important actively to show Communist China, the source of the past and potentially future aggressions in Korea and Indochina that we are

[1] The text is printed in Department of State *Bulletin*, Jan. 4, 1954, p. 14.

[2] The text of the speech, made before the Council on Foreign Relations, is printed *ibid.*, Jan. 25, 1954, pp. 107–110.

[3] The reference telegram, sent to a number of European and Asian posts, outlined the U.S. concept of the proposed Southeast Asia Treaty Organization. (790.5/7-2854)

"willing and able" to make the aggressor suffer at places and by means of our choosing, i.e., where our sea and air power are preponderant. Some of the recent actions to which you refer were designed to convey this fact to the Communists and to counteract any erroneous conclusions they may have drawn from Indochina and our troop withdrawals. Thus, we did not attempt to stop the Nationalists from taking the Soviet tanker. We have authorized the Navy to patrol periodically the Free China held offshore islands, with instructions to shoot if attacked. We sent carrier planes into the Hainan rescue operation with similar orders and they did shoot when attacked, not as provocation but as retribution.

I can see that the broad policy of showing strength at places and by means of our choosing lends itself to confusion on the part of those who are close only to bits of the picture and who do not see the whole sweep of our policy from Korea to Indochina. I suspect that those at Moscow and Peiping who see the picture as a whole and who read our policy speeches carefully, do not suffer from such confusion. Our refusal to match ground forces with them in Korea and Indochina could readily have been misinterpreted by them were there not a concurrent demonstration of our sea and air power and of willingness, if need be, to use it. The prevention of miscalculation by what is going on off the China coast will I feel give the best chance of deterring further aggression in Korea and Indochina. Once these actions have conveyed this message they will have served their purpose and they need not be continued, although the basic question of precisely what Nationalist-held China island we defend has never been clearly resolved and is now under study.

I do not think that the Japanese need be alarmed because I do not believe that the Chinese Communists are in fact now prepared to challenge us in any major or sustained way and provoke further our sea and air power along their coast.

There are three specifications of your cable which I do not understand.

(1) You refer, in the case of the Soviet tanker, to our "complete backdown when Soviets made loud noises". As far as I am aware we are advising the National Government to pursue in this matter the same policies they recently pursued in relation to the Polish tanker, namely, after unloading the cargo to release the vessel itself.

(2) You refer to the earlier patrol of the 7th Fleet under conditions which you say "led to withdrawal in confusion". I find no one in State or Defense has the remotest idea of what this refers to.

(3) Surfacing of Rastvorov was not, as you suggest, a "sudden" determination, but the result of a policy deliberately arrived at months ago to surface defectors on the theory that otherwise the

Soviets would multiply forceful kidnappings which they would allege to be defections, knowing that we could not challenge them to surface the victims. As it turned out this policy enabled us quickly to match the surfacing of John [4] in Berlin.

I am glad you cabled me as it is better to have misunderstanding exposed so that I hope it can be corrected.

I may be seeing you soon. Regards. Foster.

DULLES

[4] Otto John, former head of the Office for the Protection of the Constitution in the Federal Republic of Germany; information concerning his disappearance in July 1954 is scheduled for publication in volume VII.

No. 261

110.11 DU/8-2354: Telegram

The Chargé in the Republic of China (Cochran) to the Department of State [1]

CONFIDENTIAL TAIPEI, August 23, 1954—5 p.m.

128. Foreign Minister today informed sense Deptel 107, August 20 [2] regarding possible Dulles visit. Embassy believes Chinese authorities most likely raise following questions: (1) Mutual security treaty, (2) inclusion off-shore islands in United States defense perimeter, (3) US attitude towards counter offensive and build-up of former for eventual return to mainland, (4) US military and economic aid program (other than as affected by foregoing three points) including request for greater aid presumably available result armistice Indochina, (5) Chinese representation in UN and NGRC desire substantive vote on this issue in UNGA.

Embassy considers Secretary might most usefully stress need for release Soviet tanker *Tuapse* if ship still under detention.

Will make schedule recommendations later.

Tokyo please inform Rankin. [3]

COCHRAN

[1] Repeated for information to Tokyo.

[2] Telegram 107 reported that Secretary Dulles was considering making a 2-day visit to Taipei after attending the conference which was to open on Sept. 6 at Manila to formalize the Southeast Asia Collective Defense Treaty. It also instructed the Embassy to so inform the Chinese Government and to suggest points which the Chinese might raise and which the Secretary might stress. (110.11 DU/8-2054) For documentation on the Manila Conference, see vol. XII, Part 1, pp. 852 ff.

[3] Rankin was in Japan, en route from Washington to Taipei.

No. 262

793.5 MSP/8-2554

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State [1]

TOP SECRET [WASHINGTON,] August 25, 1954.

Subject: Mutual Defense Treaty with the Republic of China (GRC)

Problem

Subsequent to FE's memorandum to you of March 31 (Tab A), [2] recommending that you approve the negotiation with the Government of the Republic of China of a Mutual Defense Treaty, developments have taken place which FE believes warrant a re-consideration of your decision at that time to withhold your approval.

Discussion

1. Shortly after the conclusion of the Geneva Conference the Chinese Communists launched a violent propaganda campaign promising to "liberate" Formosa and denouncing U.S. "occupation" of the Island. Although the theme of this campaign is an old one its proportions indicate that a major Communist effort is under way to focus international, as well as domestic, attention on the Formosa issue. This campaign may be expected to generate increasing international pressures for a negotiated change in the status of Formosa as a means of removing a serious cause of tension. But the U.S. is determined to preserve the status of Formosa even at the risk of war. Thus pressures for a change in its status merely increase tension. If this is made unmistakably clear to the world through the conclusion of the Mutual Defense Treaty, it will remove the basis for the pressures and undermine the effectiveness of the Communist propaganda campaign.

2. Generalissimo Chiang Kai-shek has expressed willingness, for the first time, to give a commitment that he would undertake no major military action without U.S. approval, provided a Defense

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[1] This memorandum was originally sent to the Secretary on Aug. 25 but was returned to Robertson with an attached note of the same date from Jeffrey C. Kitchen, Deputy Director of the Executive Secretariat, stating that Dulles had just left Washington and suggesting that Robertson should circulate the memorandum to interested bureaus for comment before his return on Aug. 30. Robertson resubmitted the memorandum, probably on Aug. 27, with no change in the text but with the addition of brief notes regarding the concurrences and a new Tab C, consisting of memoranda from interested bureaus; see Documents 264–267. The attachments are not filed with the source text but with Smith's memorandum to Robertson, Document 269. Both versions of Robertson's memorandum are filed, along with Kitchen's note, in FE files, lot 64 D 230.

[2] Document 182.

Treaty were concluded. This assurance would provide us with greater control than we now enjoy over the circumstances under which our armed forces might become involved in a major conflict in the Formosa area.

3. The progress being made in the formation of a Southeast Asian Pact, from which the GRC is excluded, has heightened its desire for treaty ties with the U.S. and its sense of being discriminated against. It also points up the absence of multi-lateral security arrangements in the Northeast Asian area. Conclusion of a Defense Treaty with the GRC would be an important step toward eventual achievement of the latter goal.

4. FE believes that the present public commitment to employ U.S. forces for the defense of Formosa would be strengthened if it had formal Senate sanction. Conclusion of the proposed treaty would ensure this step.

The foregoing points are discussed in more detail in the attached memorandum (Tab B). [3]

FE recognizes the desirability of keeping the Communists guessing as to our intention respecting defense of the off-shore islands, but does not believe that conclusion of a Treaty need change the present situation. When the Treaty is concluded it can be reiterated that a number of these islands may be so intimately connected with the defense of Formosa that the military would be justified in concluding that the defense of Formosa comprehended the defense of those Islands.

Recommendation:

That you approve the negotiation of a Mutual Defense Treaty with the Government of the Republic of China and that you be prepared to inform the Chinese Government of this decision at the time of your visit to Formosa.

[Here follow a list of attachments and a series of brief notes indicating that memoranda from the Bureau of European Affairs; the Bureau of Near Eastern, South Asian, and African Affairs; the Policy Planning Staff; and the Counselor were attached (see Documents 264–267), and that the Bureau of United Nations Affairs had no comments.]

Note: L comments on the Draft Treaty remain as stated in Mr. Phleger's memorandum to Mr. Robertson of March 22, 1954, [4] as follows: "The form of the draft of a proposed mutual defense treaty between the United States and China which was attached to your memorandum of March 15, 1954," [5] appears appropriate, in the

[3] Not printed.
[4] Not printed; attached to Robertson's Mar. 31 memorandum, Document 182.
[5] See footnotes 2 and 5, Document 182.

event that it is determined as a matter of policy that it is in the interest of the United States to negotiate such a treaty."

No. 263

793.00/8–2654: Telegram

The Chargé in the Republic of China (Cochran) to the Department of State [1]

SECRET TAIPEI, August 26, 1954—3 p.m.

138. Department pass CINCPAC, Army, Navy, Air. Foreign Minister Yeh has expressed to me concern over possibility attack by Chinese Communists on so-called offshore islands (Tachen, Kinmen, etc.). Pointed out Chou En-lai's threats to enter Korean war if UN Forces crossed 38th Parallel were discounted and ignored, but were not simply words as events proved. Felt present situation similar. [2] Considered all-out attack on Formosa unlikely; felt assault offshore islands more probable. Pointed out difficulty supplying adequate air protection Tachen and NGRC Naval vessels in area, as flight there takes hour and half so planes arrive after Red planes have completed their runs and departed. Furthermore, NGRC planes then have limited flying time over Tachen before necessary begin return flight.

Foreign Minister stated firmly Chinese Government plans "defend islands come what may", indicating this decision influenced partially by desire convince some skeptics in US that NGRC troops will fight. Yeh continues that Chinese Government did not want expend all its military capital in defense these islands, but hoped prove to Chinese Communists that cost of taking them too high to be worth paying.

Yeh said recognized political difficulties of US including these islands in defense area Formosa, and difficulty of our extending direct aid in event of Chinese Communist attack. However, he wondered what indirect assistance NGRC could expect. Explaining he had no specific answers to this question in mind, he wondered if

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[1] Repeated for information to Tokyo for Rankin.

[2] A number of statements calling for the "liberation" of Taiwan were issued from Peking in August 1954, including a report on foreign affairs made by Chou En-lai on Aug. 11 to the Central People's Government Council, which alleged that the United States and "the traitorous Chiang Kai-shek group" had been conducting negotiations for a mutual security treaty, and a declaration adopted on Aug. 22 by the Standing Committee of the National Committee of the Chinese People's Political Consultative Conference; the texts of the report and the declaration are printed in a supplement to *People's China*, Sept. 1, 1954.

should Chinese Nationalist fliers be shot down US Naval vessels Formosa patrol would rescue. Also made plea for US speed up maximum possible delivery Sabre-jet planes to NGRC Air Force.

COCHRAN

No. 264

793.5/3-2054

Memorandum by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) to the Assistant Secretary of State for Far Eastern Affairs (Robertson) [1]

TOP SECRET [WASHINGTON,] August 27, 1954.

Subject: Mutual Defense Treaty with the Republic of China

I refer to your memorandum of August 25 to the Secretary.

In Mr. Byroade's memorandum dated March 22, 1954, [2] he indicated that India believes Communist China could be drawn away from the Soviet Union by careful handling which would include admitting Communist China to the UN and letting it have Formosa. Now that peace, however uneasy, has been restored to Southeast Asia, and India is playing a leading role in the International Supervisory Commission for Indochina, a mutual defense treaty between the Republic of China and the United States would be regarded by India as an unnecessary provocation to Communist China. It also would commit us in Asian eyes to a long range policy of opposition to a negotiated settlement with Communist China.

Our relations with India have not improved during the last five months and probably have slightly deteriorated, largely as a result of our collective security efforts in the general area. It is national policy to support the continuation in power in India of elements which are friendly to the United States, but the proposed treaty would further antagonize India and might drive it closer to Communist China. In addition, such a treaty would increase the misgivings of countries in the Near East which are skeptical of our policy with respect to Communist China and tend to share India's views on developments in Asia.

I believe that these aspects of the problem should be mentioned to the Secretary.

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[1] Sent to Secretary Dulles as an attachment to Document 262.

[2] Not printed, but see footnote 4, Document 182.

No. 265

793.5/3-2054

Memorandum by the Counselor (MacArthur) to Harold N. Waddell of the Bureau of Far Eastern Affairs [1]

TOP SECRET [WASHINGTON,] August 27, 1954.

Subject: Attached file.

I have read the attached memorandum from FE recommending a mutual defense treaty with the Republic of China, and while I recognize that a very good case can be made for the conclusion of such an arrangement, I nonetheless have doubts as to the desirability of pursuing such a course at this particular time.

As a practical matter, I think the various statements which have been made by top officials in this country, including the highest level, have made it quite clear to the Chinese Nationalists, the Chinese Communists, and others, that we would use our military forces to oppose any Chinese Communist attempt to attack Formosa.

To sum it up, I believe that the considerations which governed the decision with respect to this question last March and April are still valid.

D MAC

[1] Sent to Secretary Dulles as an attachment to Document 262.

No. 266

793.5/3-2054

Memorandum by the Director of the Policy Planning Staff (Bowie) to the Assistant Secretary of State for Far Eastern Affairs (Robertson) [1]

TOP SECRET [WASHINGTON,] August 27, 1954.

1. Since the U.S. is committed to defend Formosa and the absence of a treaty after formation of SEAP might be misconstrued, it seems appropriate to negotiate such a treaty after the Manila Conference as recommended by FE.

2. In doing so, it will be necessary to clarify the U.S. position with relation to the close-in islands. S/P tends to believe that the U.S. should not be committed to defend these islands.

[1] Sent to Secretary Dulles as an attachment to Document 262.

3. In the treaty, however, it might be desirable to use some formula such as agreeing to defend Formosa and the Pescadores "and such other islands as are mutually agreed to be militarily important to the defense of Formosa and the Pescadores."

4. If such a formal treaty is concluded, it also seems desirable to clarify the United States attitude toward raids and other harassing actions from Formosa which might provoke an attack from the mainland. If such actions are continued after the treaty becomes effective, it may feed the doubts in Asia and Europe as to whether the purpose of the treaty is really defensive.

RRB

No. 267

793.5/8-2054

Memorandum by the Assistant Secretary of State for European Affairs (Merchant) to the Assistant Secretary of State for Far Eastern Affairs (Robertson) [1]

TOP SECRET [WASHINGTON,] August 30, 1954.

In reply to FE's memorandum of August 26 [2] requesting clearance on the transmission of your memorandum to the Secretary recommending the negotiation of a Mutual Defense Treaty with Nationalist China, EUR withdraws its earlier objection on the following assumptions:

(a) Negotiations looking toward such a treaty will not be initiated until after the Manila Conference;

(b) All of our partners in SEATO will have been confidentially informed in advance of our intention in this regard; and

(c) The treaty itself will be drafted in such form as to avoid the implication that we are allying ourselves with the Nationalist Government for the purpose of extending by force the territory under its present control.

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[1] Sent to Secretary Dulles as an attachment to Document 262.

[2] Reference is to a memorandum from Waddell enclosing Robertson's Aug. 25 memorandum and requesting the concurrence of interested bureaus; a copy is filed with Smith's Sept. 1 memorandum in PPS files, lot 65 D 101, "China".

No. 268

793.00/8–3154

Memorandum for the Record, by Morris Draper, Jr., of the Reports and Operations Staff, Executive Secretariat

SECRET [WASHINGTON,] August 31, 1954.

During a meeting in the Secretary's office on August 31, attended by General Smith, Messrs. Murphy, Merchant, and Bowie, Mr. Merchant mentioned that Sir Robert Scott of the U.K. Embassy had conveyed Eden's concern that political factors as well as military were being duly considered with regard to our stand vis-à-vis the islands off the China coast. [1]

The Secretary said it is highly important that we do not lose any more prestige in this area of the world and referred in this respect to the current situation in France and Indochina. Therefore he is willing to take a strong line militarily which might involve de facto belligerency for a certain period. However, this must be a *flexible* position; it should not commit the U.S. to a long-range, permanent defense of these islands. It is in our national security interests to keep Formosa permanently out of Communist hands. This is not true to the same degree for the off-shore islands, the defense of which must be determined in the light of the then applicable political and military considerations for the area.

The Secretary said that Admiral Radford wished to discuss the subject at this week's NSC meeting. Mr. Bowie, however, said that the question was to be deferred a week so that the Department could look over the JCS written views on the subject. General Smith discussed in some detail the military considerations involved in the Secretary's "hard" policy. He explained that we are not likely to lose an air or sea battle in the vicinity although there may be losses. We have an able Admiral out there who can make sound judgments. He recommended, however, that the Navy be given appropriate written instructions so that they will do neither too much or too little should the Chinese Communists precipitate a military issue. He said that Admiral Radford certainly understands the Secretary's position on this question.

Messrs. Murphy, Bowie and Merchant questioned whether by committing our prestige we might involve ourselves in a situation which would build up momentum to the eventual detriment of U.S. interests. Mr. Murphy suggested that we should not assume that a local military incident necessarily would lead to a generalized con-

[1] A memorandum of that portion of the conversation, which took place on Aug. 31, is in file 794A.00/8–3154.

flict. Historically there have been a number of incidents which, even though large-scale operations were involved such as the hostilities between the Russians and Japanese in Manchuria involving several divisions of troops on both sides, did not lead to general war. Mr. Bowie said we certainly could not defend Quemoy by "air battles". The Secretary was not too impressed with the dangers of this policy, citing the historical precedents in the Far East area, and concluded that for prestige purposes his outlined policy was necessary.

Sir Robert had told Mr. Merchant that the UK would back up the US completely and that they therefore wanted our thinking on this question.

IV. SEPTEMBER–DECEMBER 1954: U.S. CONCERN WITH THE PROBLEM OF THE CHINESE OFFSHORE ISLANDS AND INTEREST IN OBTAINING A CEASE-FIRE IN THE AREA; NEGOTIATION OF A MUTUAL SECURITY TREATY WITH THE REPUBLIC OF CHINA; REVIEW OF ASPECTS OF U.S. POLICY WITH REGARD TO THE PEOPLE'S REPUBLIC OF CHINA AND THE REPUBLIC OF CHINA; U.S. RESPONSE TO THE IMPRISONMENT OF ELEVEN AMERICAN AIRMEN IN THE PEOPLE'S REPUBLIC OF CHINA

No. 269

793.5/3–2054

Memorandum by the Acting Secretary of State to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

TOP SECRET [WASHINGTON,] September 1, 1954.

Subject: Mutual Defense Treaty with the Republic of China.

I talked with the Secretary about this just before he left. He recognizes the probability that it will be necessary for us ultimately to negotiate a Mutual Defense Treaty with the GRC but would prefer to delay decision as to timing because of the complexities of the offshore island problem.

Chiang Kai-shek will undoubtedly bring the matter up during the Secretary's short visit to Formosa and the situation may be clear after his return.

I suggest you take this up with him again toward the end of the month.

WBS

No. 270

Eisenhower Library, Eisenhower papers, Whitman files, Dulles–Herter Series

The Acting Secretary of Defense (Anderson) to the President [1]

TOP SECRET [WASHINGTON,] September 3, 1954—5:58 p.m.

JCS 967254. To the President of the United States from Secretary Anderson. Chinese Communists initiated heavy artillery shelling against selected targets on the island of Quemoy off the city of Amoy at 0145 EDT on 3 September. This firing diminished somewhat at 0420 EDT but was reported as continuing. It is estimated that the fire is coming from approximately 60 artillery pieces. Two U.S. MAAG personnel have been killed. Remainder of MAAG personnel, numbering 14 are to be evacuated.

According to one report, a Chinese Communist assault is expected against Quemoy at daybreak 4 September their local time. CINCPAC has been alerted and directed to move carrier forces into a position from which support could be rendered, or a rescue mission undertaken, if directed. He is also being directed to place one or more ground observers on Quemoy in order that we may have good intelligence of the situation on that island. It will also be possible for CINCPAC by air reconnaissance to observe the general situation in the Amoy area. He could make an aerial demonstration in this vicinity as was recently made at Tachen if this should be considered advisable and is so directed. Quemoy Island is garrisoned by approximately 50,000 Chinese Nationalist troops and is a relatively strong position. Today, the Joint Chiefs of Staff presented a paper [2] prepared prior to this attack and in reply to the earlier NSC query [3] in regard to the advisability of assisting in the offshore islands of which Quemoy is one. This paper is split.

The Chairman of the Joint Chiefs of Staff, together with the Chief of Staff of the Air Force and the Chief of Naval Operations, recommend that National Policy should be changed to permit U.S. Naval and Air Forces to assist in the defense of 10 selected offshore islands. Quemoy is included among the 10.

The majority opinion is to the effect that the Nationalist held offshore islands near the mainland are important but not essential to the defense of Formosa from a military standpoint. However, the majority stresses the psychological effects on the Chinese National-

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[1] Teletype message sent to the President in Denver, Colorado.

[2] The memorandum from the Joint Chiefs of Staff to the Secretary of Defense, Sept. 2, has not been found in Department of State files, but see the memorandum from Radford to Wilson, Document 291.

[3] NSC Action No. 1206–f; see footnote 15, Document 256.

ist troops and other Asiatic countries inclined to support U.S. policy, of a further loss of territory or troops to the Communists. The majority is also concerned about the number of Chinese Nationalist troops now stationed on the off-shore islands. The majority feel that perhaps these considerations are overriding.

The Joint Chiefs point out that action taken by U.S. Naval and Air Forces in support of Nationalist efforts to defend these islands, and particularly those nearest the mainland, will in all probability, require some action by U.S. Forces against selected military targets on the Chinese mainland, and states that this factor must be considered if National Policy is changed to provide such support.

The Chief of Staff, United States Army, disagrees, pointing out that the off-shore islands are not essential to the defense of Formosa, and stating that he does not consider it within his purview to comment on the impact of the loss of these islands on the U.S. strategic position in the Far East from the political viewpoint.

The Acting Secretary of Defense has not had an opportunity to thoroughly evaluate the split paper presented to him today, but is inclined to share the majority opinion as to the deteriorating effect of further loss in our international stategic position vis-à-vis the Communists. The Acting Secretary of Defense has approved the orders to CINCPAC mentioned above and feels that there is a possibility that an enlargement of the attack on Quemoy may require basic decisions as a matter of urgency.

Note: The above message has been repeated to Secretary of State and Admiral Stump in Manila and copies have been delivered to Secretary Wilson and Acting Secretary of State Smith.

No. 271

793.00/9-354: Telegram

The Acting Secretary of State to the Embassy in the Philippines [1]

TOP SECRET
NIACT

WASHINGTON, September 3, 1954—6:32 p.m.

Tedul 7. Eyes only Secretary. Defense sending you outline description of Red Chinese attack on Quemoy which began with artillery attack shortly after 4 A.M., EDT and may be followed by assault. I have just talked with Anderson and Radford but have been unable to communicate directly with President who is not available at the moment. I understand however that he was briefed regarding the initial reports received this morning.

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[1] Drafted by Deputy Under Secretary Murphy.

The JCS have a split opinion as to what our reaction should be in the event this operation develops into full-fledged attack on island which would risk loss of Quemoy to Chinese Communists. Radford, Carney and Twining favor U.S. intervention which inevitably would seem to entail some bombardment of mainland positions. This for the reason that they feel loss of Quemoy with the approximately 50,000 Chinese Nationalist troops would have seriously damaging political and psychological effect which might eventually endanger Formosa. The flavor of Radford's thinking is indicated by the following analysis which he made of the general question of the defense of the islands earlier today before he learned of the attack on Quemoy "It is possible that the Chinese Communists in the current spirit of exuberant optimism may elect to attack one or more of these island positions. It is probable that such attack would be defeated with heavy losses in the event U.S. naval and air forces support the NGRC. This would constitute a serious political and psychological reverse for the Communists and a corresponding lift for all anti-Communist forces in the Far East. The loss of 'face' on the part of Communist leadership could have far reaching consequences."

Ridgway disagrees with this view as it concerns the real estate involved and does not believe that the loss of Quemoy per se endangers the Formosan position. I am inclined to agree with Ridgway's point of view as to the military value of Quemoy appreciating of course that politically and psychologically it has considerable value. Of all the island positions the defense of Quemoy undoubtedly would require striking at the mainland. It will be obvious to you of course that the timing of this operation is designed to have a maximum effect on the Manila Conference.

At the present moment personally I would be inclined to recommend against our intervention except for the purpose of rescuing the Chinese Nationalist troops on the island should they be threatened with imminent capture.

I understand from Radford that two aircraft carriers are being ordered into the area in readiness and that aerial reconnaissance is planned. As you will note from Defense telegram, two U.S. MAAG personnel were killed. It was proposed that remainder of U.S. personnel would be flown out immediately. Radford however states CINCPAC is being ordered to keep about two U.S. observers on Quemoy.

SMITH

No. 272

893.49/8-2554: Telegram

The Acting Secretary of State to the Embassy in the Republic of China [1]

SECRET WASHINGTON, September 3, 1954—8:04 p.m.

137. Tousfo 232. [2] Decision taken that this Government will not now support Chinese Government flood relief offer of food to Communist China. Generally agreed here that if any offer were to be made proposal outlined your Tousfo 232 would be preferable any alternative which has been considered. However with passage time and increasingly clear intention Chinese Communists on prestige grounds refuse any offer possibility holding out offer as serious one capable useful exploitation has greatly diminished. Later reconsideration possible in changed circumstances. Inform Brent FOA concurs.

Your 133. [3] Direct US offer assistance ruled out as inconsistent with our policy economic pressures against Communist China. Offer in name US could not be reconciled with firm US international stand against aggressor regime and known fact that regime uses food as weapon consolidate its internal position, attempt divide free world, and obtain strategic materials. Generally recognized relief food if accepted would be distributed by Chinese Communists themselves and would serve their own ends rather than humanitarian purposes. Direct US offer even though refused would confuse economic defense issue and would tend encourage other countries already anxious for more trade with Communist China press for further relaxation economic control against Communist China.

SMITH

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[1] Drafted Sept. 2; repeated to Tokyo with instructions to repeat to CINCFE for Hull.

[2] Not printed. It recommended that the United States assist the Chinese National Government in making a food offer to flood victims in Communist China in its own name.

[3] Telegram 133, Aug. 25, reported on a conversation with Vice Minister of Foreign Affairs Shen Chang-huan concerning Chinese Nationalist plans to offer aid to flood victims. Shen had asked whether the United States planned to offer such aid. (893.49/8-2554)

No. 273

793.5/9–454: Telegram

The Secretary of State to the Department of State

TOP SECRET NIACT MANILA, September 4, 1954—noon.

Dulte 1. Eyes only Acting Secretary. I believe that loss of Quemoy would have grave psychological repercussions and lead to mounting Communist action against deteriorating anti-Communist morale so that this would be beginning of chain of events which could gravely jeopardize entire off-shore position. If, however, defense of Quemoy as real estate cannot be substantially related to defense of Formosa and if, as I suspect, committal of US force and prestige might lead to constantly expanding US operations against mainland, then I still believe we should help to hold Quemoy if it is judged defensible with our aid, but I believe that Congress or in first instance Congressional leaders should be consulted as matter of urgency. Senator Smith concurs in US acting. Senator Mansfield [1] not yet here.

DULLES

[1] H. Alexander Smith (R–New Jersey) and Mike Mansfield (D–Montana) were members of the U.S. Delegation to the Manila Conference.

No. 274

611.00/9–454: Telegram

The Acting Secretary of State to the Embassy in the Philippines

TOP SECRET WASHINGTON, September 4, 1954—4:28 p.m.
PRIORITY

Tedul 10. Summary No. 4 (Developments not covered Manila traffic).

FE

Quemoy-Acting Secretary Anderson has advised, following message received from General Chase, Taipei, [1] that it is very possible we shall be asked by ChiNat for concurrence in what they do in defense Quemoy. Murphy replied was difficult concur in undefined

[1] Telegram 031150Z (MG 8074) from Chief MAAG Formosa to CINCPAC, Sept. 3; an extract is quoted in Stryker's memorandum to Martin, Document 301. Telegram 031400Z (MG 8076) from Chief MAAG Formosa to CINCPAC, of the same date, stated that the Chinese Defense Ministry had made the request indicated in the earlier telegram. (Department of Defense files)

proposition and that it would be necessary to await the exact text of ChiNat request. Secretary Anderson has spoken with President and mentioned messages from Stump suggesting we concur in Chinese defense of Quemoy even if this involved some form of attack on the Red Chinese positions on the mainland. [2] Murphy reiterated to Anderson our understanding with Defense last evening that if we stated concurrence or non-objection of action, there should be a specification of that form of action. General Smith advised Secretary Anderson this morning that we had no objections to the ChiNat's acting against the mainland in so far as that action was directly connected with the defense of Quemoy Island. [3] Smith believes that the ChiNat's commitment to refrain from action against the mainland without consultation with us applies to their initiating of action and not to measures taken in legitimate self-defense. Smith expects talk with President re action recommended under Dulte 4. [4] We are discreetly endeavoring to ascertain whereabouts Minority and Majority leaders.

[Here follows the rest of the telegram concerning unrelated matters.]

SMITH

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[2] Telegram 031949Z from CINCPAC to Chief of Naval Operations, Sept. 3; an extract is quoted in the memorandum cited in footnote 1 above.

[3] Instructions were sent to Stump in telegram 041633Z from Chief of Naval Operations to Commander, U.S. Forces in the Philippines, Sept. 4; an extract is quoted in the memorandum cited in footnote 1 above.

[4] Dulte 4 from Manila, Sept. 4, reported that Dulles had talked to Senator Mansfield, who was inclined to support General Ridgway's position but recommended that the President should call the four Congressional leaders to Denver for consultation; he believed Congress would back the leaders' joint position. (793.5/9–454) Tedul 20 to Manila, Sept. 6, stated that Smith planned to tell the President of Mansfield's suggestion as soon as Department of Defense recommendations were clarified. (793.5/9–454)

No. 275

793.5/9–454

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Acting Secretary of State

TOP SECRET [WASHINGTON,] September 4, 1954.

Subject: Recommended Course of Action with Respect to Chinese Nationalist-held Off-shore Islands

Problem

To determine what, if any, action should be taken by U.S. armed forces in response to an attack by the Chinese Communists on any

of the major off-shore islands held by the Government of the Republic of China (GRC).

Discussion

The heavy Chinese Communist artillery attack on Quemoy on September 3, despite the 7th Fleet's demonstration off the Ta Chen Islands and Secretary Dulles' public warning that an attack on GRC-held off-shore islands might provoke U.S. military intervention, [1] makes clear that threats of U.S. intervention cannot be relied upon to deter Communist attacks on these islands and that some more positive action by the U.S. is necessary if these islands are not to be swallowed up by the Communists one by one and if a significant defeat for U.S. policy in the area is to be avoided. It is FE's belief, therefore, that any attempt by the Communists to assault one of the major off-shore islands should be met with a positive though limited U.S. military response. This response should be in such form as measurably to improve the prospects of successful defense of the islands, and at the same time a) minimize risks of expanding the conflict, b) emphasize the defensive character of the action, c) permit maximum utilization of GRC forces, and d) avoid a U.S. commitment to hold or retake any island. U.S. ground forces should not take part in such operations.

FE suggests that an effective means of responding to future Communist attacks on major off-shore islands would be through provision of logistic support of the GRC forces defending the islands, whenever the need arises. It would be the primary mission of U.S. naval (and if necessary, air) forces engaged in such an operation to maintain sea and air supply lines open between the island under attack and Formosa. This would enable U.S. naval and air forces to attack and destroy enemy naval and aircraft in the vicinity of the attacked island, to pursue them in engagements commenced in the area, and to reply to shore batteries if these were so located as to interdict supply lines. While permitting our forces to respond to a Communist attack and providing scope for inflicting such severe punishment on the enemy's naval and air strength committed to the attack as to significantly impair his chances of success, such a

[1] Reference is to a statement made by Secretary Dulles at a press conference on Aug. 24 in response to a question as to whether the United States was obligated to defend the Nationalist-held offshore islands. According to an undated memorandum by Henry Suydam, Chief of the News Division, the Secretary stated that the defense of some of the islands in question "might from a military standpoint be so intimately connected with the defense of Formosa that the military would be justified in concluding that the defense of Formosa comprehended a defense of those islands. He stated that that would be primarily a military decision. He added that many of those islands, Pescadores and some of the others had, he believed, radar equipment and early-warning devices upon them which were related to the defense of Formosa." (Conference files, lot 60 D 627, CF 360)

mission for our forces would at the same time leave primary responsibility for the defense of the island with the GRC, not commit us explicitly to its defense, be obviously defensive in character, and tend to localize the conflict. Finally, it would bolster the morale and combat effectiveness of the islands' defenders.

Recommended Action:

That the Department of State submit this proposal to the Joint Chiefs of Staff for an opinion as to its military feasibility and if considered feasible it be, as a matter of high priority, submitted to the President through the National Security Council. A proposed Presidential statement explaining and justifying this course of action is attached for consideration if this recommendation is approved. (Tab A) [2]

[2] Not printed.

No. 276

INR-NIE files

Special National Intelligence Estimate [1]

TOP SECRET
SNIE-100-4-54

WASHINGTON, 4 September 1954.

THE SITUATION WITH RESPECT TO CERTAIN ISLANDS OFF THE COAST OF MAINLAND CHINA

THE PROBLEM

To estimate (a) Chinese Communist capabilities and intentions with respect to the off-shore islands occupied by the Chinese Nationalists; (b) the effects on Chinese Communist intentions of certain possible US courses of action with respect to these islands; and

[1] A note in the source text reads as follows: "Submitted by the Director of Central Intelligence. The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff. Concurred in by the Intelligence Advisory Committee on 4 September 1954. Concurring were the Special Assistant Intelligence, Department of State; the Assistant Chief of Staff, G–2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant to the Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

"For the dissenting view of the Assistant Chief of Staff, G–2, Department of the Army, with respect to Chinese Communist intentions, see footnotes to paragraphs 11 and 14."

(c) the consequences under certain given conditions of successful Communist attacks on these islands.

ESTIMATE

I. The current situation

1. *The Nationalist Position.* The Chinese Nationalists, since withdrawing from the mainland in 1949, have maintained control of a number of islands off the southeast and east coast of China on which they have stationed regular or guerrilla forces. * From these islands Nationalist forces also exercise control over numerous unoccupied islands. The Nationalist-held islands fall into three main groups: the northern group (between 29–00 and 27–00 degrees north latitude) centered on Nan Chi Shan and the Tachen islands; the central group (between 27–00 and 25–30 degrees north latitude) centered on Matsu and White Dog islands; and the southern group (between 25–30 and 24–00 degrees north latitude) centered on Chinmen (Quemoy) island.

2. The occupied islands serve as outposts in the defense of Taiwan and the Pescadores. They serve as bases for Chinese Nationalist operations which include intelligence activities, escape and evasion, and raids on coastal traffic and on mainland targets. Moreover, the early warning site in the Tachens could serve to extend the US early warning capability for Okinawa.

3. At present the Chinese Nationalists maintain the following forces on the islands:

Tachens—10,000 regulars plus about 1,000 guerrillas. Other guerrillas on nearby islands number 3–4,000.
Nan Chi Shan—3,000 regulars plus 1,300 guerrillas.
Matsu and White Dog—5,000 regulars.
Chinmen (Quemoy)—43,000 regulars plus 11,000 guerrillas.

Regular forces on the Tachens, Matsu, and Chinmen (Quemoy) include about 15–20 percent of the Chinese Nationalist MDAP equipped units, which have high combat effectiveness ratings. In the event of Communist attacks, the ground forces could receive limited support from operational elements of the small Nationalist Navy and Air Force. †

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* See map at end of text. [Footnote in the source text. The map is not reproduced.]

† Three destroyer escorts and 13 small patrol craft are based in the Tachens. Naval reinforcements for the Tachens or other islands would come from 2 destroyers, 6 DE's, and approximately 100 patrol craft now at Taiwan. Air support would depend entirely on Taiwan-based aircraft which now include 8 1/3 combat air groups. (At present the only jet aircraft available are a group of F-84G fighter-bombers and this group is still in a training status. The remaining combat groups are only 45 percent combat-effective.) [Footnote in the source text.]

4. Although the Nationalist garrisons on the northern and central islands are small, the defense of these islands is aided by fortifications, by small beach areas, and by weather conditions unfavorable to amphibious movement and debarkation from October through March. Chinmen (Quemoy) has the most extensive fortifications, considerable AA, the largest garrison, and an operational airstrip; but the island is within range of Communist artillery on the mainland and on other islands around the seaport of Amoy. Any of the islands could be attacked by Chinese Communist airpower, although Communist air units as currently disposed offer no immediate threat to Chinmen (Quemoy).

5. *Recent Developments.* During the good weather period from May through August in 1953, the Chinese Communists occupied numerous undefended or lightly held islands in the northern and central groups. Some of the islands occupied at this time were later abandoned. A similar pattern of increased Communist activity along the coast and among the off-shore islands began in May 1954. The Communists have occupied several undefended islands within 20 miles of the Tachens, and the Nationalists have reported new troop and naval concentrations in the islands and along the coast near the Tachens, Matsu, Nan Chi Shan, and Chinmen (Quemoy). On 3 September 1954 the Chinmens (Quemoy) were heavily bombarded by Communist artillery and intermittent artillery fire continued on 4 September.

6. Although the pattern of Nationalist and Chinese Communist operations in the northern group this year has been similar to 1953, the scale of these operations has been larger and has included Chinese Communist employment of MIG–15's as air cover in landing operations. These activities probably reflect an improvement in both Nationalist and Communist capabilities, and an increased willingness on the part of the Nationalist Navy and Air Force to engage the enemy. Beginning in June and increasing in intensity since the end of the Geneva Conference there has been a Communist propaganda campaign involving pledges by high-level leaders in Peiping to "liberate" Taiwan and the off-shore islands and warnings that if anyone "dares to interfere in our internal affairs, they must take upon themselves all the grave consequences of such acts of aggression." In the past three weeks the Chinese Communist "liberation" theme has also been given prominent treatment in the leading Moscow papers, but without independent commentary.

II. Chinese Communist Capabilities and Intentions With Respect to the Off-Shore Islands

A. Factors Affecting Chinese Communist Intentions

7. *Chinese Communist Capabilities.* In the area between Shanghai and Canton the Chinese Communists have long had sufficient troops and means of improvising amphibious lift to overwhelm within a few days after the commencement of an assault any one of the Nationalist islands, except Chinmen (Quemoy), against Nationalist opposition only, although some of the operations would probably involve substantial losses. In the case of Chinmen (Quemoy), which is well defended by at least 3 selected Nationalist divisions, the assault would require completion of the assembly and subsequent movement of about 150,000 men. A successful assault would be far more difficult and time-consuming and would involve particularly heavy losses. Chinese Communist capabilities have been increased in recent months by the movement of experienced armies from Korea into the region between Shanghai and Canton, by the southward deployment of jet fighter units from Manchuria since the end of the Korean war, and by some limited amphibious training. However, there has been no great increase in troop strength, which now stands at about 425,000. Chinese Communist air power is now sufficient, if committed, to gain air superiority over the Nationalist air force in the area of the islands and to make Nationalist naval support operations costly.

8. *Other Considerations.* The Chinese Communists regard the offshore islands as integral parts of China. They look upon the Nationalist occupation as an infringement of Communist sovereignty and refer to it as an affront to Communist China's honor. There is no doubt that the Communist objective is to take over the islands at some time, and that they look upon such action as an essential part of the consolidation of the control of all China.

9. Up to this time the Communist failure to exercise their capabilities to take the principal Nationalist-garrisoned off-shore islands has probably been due to the following considerations:

a. Communist preparations for an invasion in 1950 were frustrated by the Korean war, the subsequent US intervention in Korea, and the US guarantee to defend Taiwan, backed by the presence in the western Pacific of strong US naval and air forces.

b. In Peiping's view the threat posed by the Nationalist forces on the islands and the value of the islands themselves may have been insufficient to justify the military costs of taking the islands. The Communists do not have experience with or adequate equipment for major joint amphibious operations and they may feel that even against Nationalist opposition their losses would be relatively large.

c. Peiping may have estimated for some time that an attempt to take the islands garrisoned by regular Nationalist forces would involve risk of war with the US. This risk has almost certainly been increased in Peiping's view by recent US actions, particularly the visit of US naval elements to the Tachens, and by the remarks of

the Secretary of State during his press conference on 24 August 1954.

10. However the following considerations may cause Peiping seriously to consider early attacks against the Nationalist-occupied islands:

a. Peiping may feel that the time is opportune for a further step toward achieving its objectives in light of recent Communist successes in Indochina and of divergence of views among non-Communist countries with respect to Far Eastern issues.

b. Recent Nationalist blockade efforts have greatly hampered the movement of seaborne cargo from Europe to North China. Although the capture of the off-shore islands would not, by itself, relieve the blockade of ocean shipping, it would afford a greater degree of security to coastal traffic.

c. Peiping's recent propaganda takes note of a possible formal US guarantee of the islands and Peiping may desire to move in before any such guarantees are put into effect.

d. The Communists may desire to seize some of the Nationalist-occupied islands to lend credence to their current threats to invade Taiwan or as a preliminary to such an invasion.

e. The Communists may feel that attacks on the off-shore islands could serve to aggravate differences between the US and its allies. Although apprehensive about undertaking large-scale attacks, the Communists may initiate small attacks designed to incite local US armed reaction, which could then be put formally before the UN as a case of US aggression and of US interference in the internal affairs of China. The Communists might estimate that this would exacerbate relations between the US and such states as the UK and India over China policy, and possibly deter the US from extending a long-range commitment to Chiang Kai-shek.

B. Probable Chinese Communist Intentions

11. We believe that Peiping presently estimates that an all-out effort to take the major Nationalist-occupied off-shore islands might well involve a substantial risk of war with the US, and that this risk will continue so long as sizeable US forces are maintained in the western Pacific and so long as the Chinese Communists believe that these forces may be used to support the Nationalist position on the offshore islands. ‡

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‡ The Assistant Chief of Staff, G–2, Department of the Army, believes that paragraph 11 should read as follows: "We believe that Peiping presently estimates that efforts to take the Nationalist-occupied off-shore islands would involve a risk of war with the US. The Communists probably will continue to feel that this risk exists so long as sizeable US forces are maintained in the western Pacific, and so long as US policy to support Nationalist China remains unchanged. We believe that the Chinese Communists desire to avoid war with the US. However we believe that in spite of the Communist feeling that risk of war will be involved, they are likely to attempt to seize some of the Nationalist-occupied islands." [Footnote in the source text.]

12. Nevertheless, we believe that the Chinese Communists will be increasingly willing to undertake probing actions designed to test US intentions. They will probably conduct raids against the defended islands, occupy adjacent islands, and increase air, naval, and artillery activities. If such actions encounter no appreciable US counteraction, the Chinese Communists will probably increase the scale of their attacks even to the extent of attempting to seize major offshore islands occupied by the Nationalists. The Chinese Communists will also attempt to take advantage of any involvement of US forces in incidents in the area so as to provide a source of propaganda material for further vilification of the US. The Communists will accompany these activities with a continued propaganda and diplomatic offensive designed to irritate US-allied relations and diminish prospects of an anti-Communist coalition in Asia, enhance the prestige of the Chinese Communists among Asian nations, and bring about a deterioration of the US position in Asia.

III. Effects of a US Guarantee of the Defense of the Off-Shore Islands

13. Peiping's propaganda has consistently indicated that it regards the US as involved in the defense of the off-shore islands. Any US guarantee would be regarded by the Chinese Communists as further evidence of the permanent hostility of the US and as a further infringement of their territorial rights. The Chinese Communists would regard a unilateral US extension of the present promise to defend Taiwan as less of an affront than a guarantee which was part of a formal mutual defense pact. The latter would be considered by the Chinese Communists not only as a US underwriting of the defense of Taiwan and the islands but also as added evidence of a US determination to guarantee the continued existence of the Nationalist Government.

14. However, in the eyes of the Chinese Communists the difference between these two possible forms of US guarantee would be one of degree and would probably have no substantial effect on their own immediate policy with respect to the islands. We believe that they would continue to be deterred from an all-out attempt to seize the major islands by the prospect of US counteraction, which the US guarantees would have transformed into a virtual certainty. We believe that Chinese Communist policy with respect to the islands would continue substantially as described in paragraphs 11 and 12 above, i.e., the Communists, while initially refraining from major invasions of the islands held by regular Nationalist forces, would continue efforts to test US intentions. Maximum propaganda

exploitation of the US move would, of course, be undertaken by the Communists. §

15. If the US guarantee by its terms included all the Nationalist-controlled islands, or alternately, if it were indefinite in scope, the Chinese Communists might feel that the US did not actually intend to defend all of the islands, and they might attempt to seize certain minor islands in an effort to test US intentions and to discredit the US. If the US guarantee were restricted to specific islands, the Chinese Communists might then proceed to occupy such of the other islands as they considered would give them strategic or propaganda advantage.

16. Concurrent imposition of restraints on Nationalist use of the islands for offensive actions would have no material effect on Chinese Communist reactions. Peiping would have little confidence in the good faith of US imposed restraints.

17. A US guarantee of the off-shore islands would be considered ill-advised and provocative by the UK and India. Thus it would sharpen the fundamental differences in Far East policy between the US and those countries. It would cause uneasiness in Japan, which would fear that it increased the likelihood of war in the Far East. A US guarantee would encourage the governments of the ROK, the Philippines, and Thailand. Such reactions would probably have little net effect on present prospects for cooperative action for mutual defense in Asia, a subject on which most countries in the area are now to a substantial degree committed. On the other hand, these reactions would considerably hamper the attainment of US political objectives in certain countries of the area. Concurrent imposition of restraints on the Chinese Nationalists would not materially alter the reactions described above.

IV. Consequences of Chinese Communist Occupation of the Major Off-Shore Islands Garrisoned by Nationalist Troops

18. *Without a formal guarantee of the islands.* In the absence of a formal guarantee, Chinese Communist action to seize the islands would be taken in an atmosphere of uncertainty as to US intentions. The fall of the islands would have significance beyond the

§ The Assistant Chief of Staff, G–2, Department of the Army, believes that paragraph 14 should read as follows: "However, in the eyes of the Chinese Communists, the difference between these two possible forms of US guarantees would be one of degree and would probably have no substantial effect on their own immediate policy with respect to the islands. We believe that they would not be deterred from an attempt to seize some of the islands by the prospect of US counteraction, which a US guarantee would transform into a virtual certainty. We believe Chinese Communist policy with respect to the islands would continue substantially as described in paragraphs 11 and 12 above. Maximum propaganda exploitation of the US move would, of course, be undertaken by the Communists." [Footnote in the source text.]

military importance of the islands themselves. Nationalist morale would fall, Nationalist guerrilla activities would be reduced in scale, the will to defend Taiwan and the Pescadores would be reduced, and the declining international prestige of the Nationalist Government would be further impaired. Korea would express great concern at the turn of events. Japan, the UK, and Western Europe would generally be relieved that no crisis had developed. Southeast Asian governments, including that of the Philippines, would not place great importance on the loss of the islands. ‖ There would be some loss of US prestige. On the other hand, the prestige of the Chinese Communist government would be enhanced both at home and abroad.

19. The Communists would exploit the occupation of the islands as evidence of their determination to "liberate" Taiwan and as a victory over the US. They would be uncertain, however, of the significance of the lack of US intervention. They would probably continue probing actions designed further to test US intentions. On balance, we do not believe that lack of US action in defense of the islands would by itself lead the Communists to assault Taiwan in the face of US commitments. ¶

20. In the political warfare field the Chinese Communists would fully exploit their capture of the islands in propaganda directed at Japan, Taiwan, Southeast Asia, and the world at large. They would further stress their claim of being the only rightful government of China, and their position with regard to admission to the UN.

21. *Subsequent to a US Guarantee.* If the islands should fall to the Communists after the US Government had guaranteed their defense, this would mean that the US Government had failed to back up its guarantee with force or had been unwilling to commit force adequate to defeat the Communist attack. ** The adverse effects on the Nationalist Government described in paragraph 18 would be greatly intensified and US prestige throughout the Far East would suffer a serious blow. Japan would probably reappraise its US alignment, and non-Communist states in Southeast Asia would question seriously the willingness and ability of the US to back up defense commitments in that area.

‖ The Deputy Director for Intelligence, The Joint Staff; the Director of Naval Intelligence; and the Director of Intelligence, USAF, would add: "but they would tend to interpret US inaction as a demonstration of irresolution." [Footnote in the source text.]

¶ The Deputy Director for Intelligence, The Joint Staff, believes that the lack of US action in the defense of these islands might encourage the Chinese Communists to initiate attacks on Taiwan/Pescadores. [Footnote in the source text.]

** The discussion in paragraphs 21 and 22 is based on the assumption that the US has not exercised its military capability to recapture the islands. [Footnote in the source text.]

22. The Communists would exploit the failure of the US to fulfill its commitments, particularly in propaganda and psychological warfare directed at Japan, Taiwan, Southeast Asia, and even Western Europe. The Chinese Communists would feel that the risks of violations of the armistice agreements in Indochina had been lessened considerably. Communist naval and air actions would probably be stepped up in the Taiwan straits.

Note: The Deputy Director for Intelligence, The Joint Staff, feels that this estimate is not complete without some examination of the consequences of a Chinese Communist failure in an attempt to capture a US-guaranteed major off-shore island(s). Such a failure would have important political and psychological effects in the Far East, particularly because it would constitute "loss of face." On the other hand, the US, through its guarantee would have "made face" in the Orient.

No. 277

396.1 MA/9–554: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State [1]

SECRET PRIORITY TAIPEI, September 5, 1954—1 p.m.

153. Latest reports indicate continuing Communist build up Amoy area which suggests capability early attack on Big or Little Kinmen or both. After initial five hours heavy bombardment, Communists have directed considerable harassing fire at Kinmen. GRC casualties in first bombardment included about 30 killed.

With US concurrence, three DDs of Chinese Navy and aircraft of Chinese Air Force will undertake attacks against nearby targets on mainland.

Although Chinese have requested no assistance from Seventh Fleet in present case, I beleive US Commanders should have full authority immediately to give any necessary support in defense of Kinmen (Quemoy), Matsu, Nan-je and Tachen Islands.

RANKIN

[1] Also sent to Manila for the U.S. Delegation.

No. 278

793.5/9-554: Telegram

The Secretary of State to the Department of State

TOP SECRET NIACT MANILA, September 5, 1954—4 p.m.

Dulte 5. Eyes only Acting Secretary from Secretary. Have received Taipei's 153. [1] It seems likely Communists relate Quemoy to Manila Conference as they related Dien Bien Phu to Geneva Conference. I remain of conviction expressed my Dulte 1 [2] that we should help Nationalists to hold Quemoy "if it is judged defensible with our aid." We do not want to duplicate the French mistake of making a symbol of what cannot be held in the face of Communist willingness to accept immense casualties to gain political objective. If, however, Quemoy can be and is held, then much of the Communist prestige stemming from Dien Bien Phu will have been cancelled out.

DULLES

[1] *Supra.*
[2] Document 273.

No. 279

110.11 DU/9-554: Telegram

The Secretary of State to the Department of State

TOP SECRET PRIORITY MANILA, September 5, 1954—11 p.m.

Dulte 7. Eyes only Acting Secretary from Secretary. I should like judgment of President and yourself as to whether I should stop at Formosa. I had originally planned this as I have never been there and as the omission of Nationalist China from this conference seemed to call for some offsetting gesture of friendship. The Generalissimo knows of my plan and has sent me a cordial personal invitation to which I have not yet responded.

Since my original plan was made, the Chinese Communist attack on Quemoy has created a tense situation. My visit to Formosa will inevitably attract much attention and will be subject to highly controversial interpretations. Furthermore, I shall be subjected to direct pressures in relation to US participation in Quemoy fighting unless this has been theretofore settled affirmatively by President. European developments give me a plausible pretext for hurrying back although in view of the fact that Formosa is only three hours

distant and I only plan to be there for a few hours, this excuse will probably not fool the Generalissimo or many others. It will, however, save his face. I cannot tell when Manila conference will finish. My best guess is Thursday, [1] which would mean Formosa next Friday if I go. I myself am inclined to go, but realize that it is a close question.

DULLES

[1] Sept. 9.

No. 280

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Telephone Conversation Between the President and the Acting Secretary of State [1]

[DENVER,] September 6, 1954.

Telephone Call to General Smith, 9/6/54.

1. Smith asked the President whether or not Dulles should go on to Formosa as result of invitation from Chinese Nationals. Pros and cons were discussed. President agreed if no change as situation now exists, would be all right for Dulles to go. [2]

[Here follows discussion of unrelated matters.]

4. Discussion of Quemoy. Smith sending long report sent in by Allison [3] with regard to a confidential discussion some pro-American Japanese had with Chou En-lai. His estimate of situation serious.

Radford thinks Quemoy could be held, Ridgway differs. Smith and Eisenhower agree that if we go in, our prestige is at stake. We should not go in unless we can defend it. Discussion of Little Quemoy.

Smith asked about undertaking evacuation in case full-scale invasion is made. President: My hunch is that once we get tied up in any one of these things our prestige is so completely involved.

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[1] The source text does not indicate the drafting officer.

[2] Tedul 16 to Manila, Sept. 6, informed Dulles of the President's view. (110.11 DU/9-554)

[3] Reference is to telegram 560 from Tokyo, Sept. 6, which reported a conversation with Sam Watson, a member of the British Labor Party Delegation which had visited Moscow and Peking. Watson stated that the Chinese had placed great stress on the importance of the Formosa problem and that he thought they would soon launch an attack on Formosa in order to provoke U.S. countermeasures and thereby split the Western powers. The text of this telegram was sent to Eisenhower in Denver in an unnumbered telegram on Sept. 6. (793.00/9-654)

Quemoy—about 40 thousand regular troops there, cannot afford to have them lost. Within easy artillery range of shore. Impossible for our vessels to maneuver between island and mainland.

Smith said on his own authority he had told Nationalists that we would concur in any defensive action they undertook. President agreed we must not stand in their way in any defensive action. They have lost two planes.

President would like to have chiefs of staff submit ground estimate, etc.

No. 281

793.00/9–654: Telegram

The Acting Secretary of State to the Embassy in the Philippines [1]

TOP SECRET
PRIORITY

WASHINGTON, September 6, 1954—2:49 p.m.

Tedul 19. Eyes only Secretary from Acting Secretary. I read your Dulte 5 [2] to the President a few minutes ago. His estimate and conclusion agrees with your own. He feels it would be a great mistake to undertake assist defense of Quemoy unless reasonably certain it can be held, and in view of nearness to mainland and other factors he is inclined to question ability to hold indefinitely, particularly if as seems likely Communists are willing to accept very heavy casualties to gain political objective.

I am having meeting tomorrow with Anderson and Radford and will try to get firm estimate and definite recommendations, which will be transmitted immediately to you.

SMITH

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[1] Drafted by Smith.

[2] Document 278.

No. 282

110.11 DU/9-754: Telegram

The Secretary of State to the Embassy in the Republic of China [1]

TOP SECRET NIACT MANILA, September 7, 1954—1 p.m.

14. Eyes only Rankin from Secretary. Although schedule here still uncertain, I am thinking tentatively of arriving Taipei Thursday, September 9, for lunch and departing for Tokyo late afternoon with total party perhaps of dozen. Urgent developments Europe and Washington require my soonest return and you should explain this reason for such brief visit.

I have brief personal message from Generalissimo transmitted by Minister Chow dated September 4, simply extending hearty welcome. You should inform Generalissimo I have message and look forward with equal pleasure meeting with him.

FYI we exploring here with Navy necessity and desirability fighter plane protection and would like have your comment.

FYI I undertaking this visit as morale and courtesy gesture only and not prepared transact business. Decision re Quemoy is now in hands Defense Department Washington and current thinking negative although final decision not yet reached. Generalissimo should not be allowed think I bring answer to or can control that final decision.

DULLES

[1] Repeated for information to the Department as Dulte 12, which is the source text.

No. 283

793.00/9-754

Memorandum of Conversation, by the Deputy Under Secretary of State (Murphy)

TOP SECRET [WASHINGTON,] September 7, 1954.

Subject: Meeting in Acting Secretary's office regarding Quemoy question

Participants: Acting Secretary Smith
Acting Secretary Anderson (Defense)
Admiral Radford
Deputy Under Secretary Murphy
Assistant Secretary Merchant

Assistant Secretary Robertson
Assistant Secretary Key

After a discussion of the Navy plane incident and the question of UN Security Council action, (This is the subject of a separate memorandum.) [1] there was a lengthy discussion regarding the defense of Formosa, with especial reference to Quemoy.

General Smith referred to the telegrams from the Secretary of State from Manila which underscored two points: (1) Is the Quemoy position defensible? (2) Is the retention by the Chinese Nationalists of Quemoy essential to the defense of .Formosa, to which the United States is committed? Admiral Radford took the position that the defense of the Quemoys is practicable, citing as an example the action in 1949 when the islands were successfully defended. [2] It was recalled that in 1949, however, the Red Chinese military establishment was far less effective than it is today. Admiral Radford also argued that the loss of the Quemoys would represent a political and psychological blow to U.S. prestige in the Far East generally and would demoralize the Chinese Nationalists on Formosa. Should the Chinese Reds contemplate an effort to capture Formosa, the port of Amoy would undoubtedly be a major point of departure. Admiral Radford referred with approval to the remarks of the Secretary in his recent press conference to the effect that the decision regarding the defense of the offshore islands as related to the defense of Formosa being a military rather than a political problem. He stated the opinion that if US forces participated, such participation would be limited to air and navy and that in no sense would he suggest participation of U.S. ground forces. There would be no limitation regarding depth of air attack on the Chinese mainland. He doubted that Peiping desires an all-out war with the U.S. but believed that the Russians were pushing the Chinese continually to harass the west.

There was a general discussion of pros and cons of U.S. participation leading to the agreed opinion that the decision is one for the President with the benefit of a meeting of the NSC on this subject. There was discussion whether, depending on the President's convenience, the meeting of the NSC would take place in Denver or whether, coincident with the return of the Secretary to Washington on September 12, it might be wiser to have the meeting in Washington, where it might attract less public attention. Mr. An-

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[1] Reference is to a U.S. Navy patrol plane shot down in the Sea of Japan by two Soviet aircraft on Sept. 4; information regarding this matter is scheduled for publication in volume VIII.

[2] The action under reference took place in October 1949; regarding this incident, see Cantel 1248, Oct. 29. and the memorandum of conversation by Freeman, Nov. 11, *Foreign Relations*, 1949, vol. VIII, pp. 572 and 597.

derson and Admiral Radford indicated that they had planned to proceed to Denver to discuss this problem with the President on Thursday or Friday. General Smith agreed that as the matter had been under discussion between the President and Defense that the question regarding a meeting of the NSC should be put to the President by the Secretary of Defense.

General Smith also agreed with the recommendation made by Secretary Anderson and Admiral Radford that immediate decision in favor of supplying the Chinese Nationalists with the necessary supplies and equipment for the defense of Quemoy should be taken and that the Chinese Nationalists should be informed that their losses of equipment in the defense of the island would be compensated by the United States. Admiral Radford pointed out that the equipment provided is so precious to them that they would be loathe to run risk of losing the equipment which might endanger the successful defense of the Quemoy position. It was the understanding of the meeting that the President has the necessary legal authority to give these assurances regarding compensation for equipment losses.

No. 284

793.00/9–1454

The President to the Acting Secretary of State [1]

TOP SECRET
PRIORITY

[DENVER,] September 8, 1954—9:10 p.m.

In spite of all our current preoccupations in the European difficulties, I think it most important that we have the assurance that there is going to be no possibility of driving a wedge between ourselves and our principal European allies, especially Britain, in any action we may be forced to take. I cannot over-emphasize how deeply I believe this to be true. The matter was brought to my mind with special force because of the recent incident in the Sea of Japan and Knowland's public statement with respect to it. [2]

The reading of Allison's summary of the convictions of the British Laborite [3] only serves to underscore this great need. What

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[1] Teletype message; filed with a memorandum of Sept. 14 from Dulles to Eisenhower.

[2] Reference is to a telegram of Sept. 5 from Knowland to Eisenhower, which Knowland released to the press on the same day, urging a break in diplomatic relations with the Soviet Union. For text of the telegram, see the *New York Times*, Sept. 6, 1954.

[3] See footnote 3, Document 280.

would you think of a telegram to Winston [Churchill] somewhat along the following lines:

"Dear Winston:

I think that when you seized the opportunity to send your recent message to Adenauer,[4] you took action that may yet save to us many of the advantages we hoped to gain in Europe through EDC. I was delighted also to see the reasonable and cooperative spirit that Adenauer showed in his reply.

While all these things go on, we can not afford to forget that all along the Eastern edge of Asia, from the Bering Sea to Indonesia, there is a constantly boiling kettle of possible trouble. Incidents of small and large magnitude constantly occur, and at any moment one or both of us could be confronted with a situation that would require from us clear-cut and even decisive action. The presence of this kind of risk serves to emphasize again the great truth that the free world cannot possibly prosper should there be any major cleavage between yourselves and ourselves. Of course we should always like France, Germany and our other European friends and—indeed—all non-Iron Curtain countries to stand shoulder to shoulder with us in any conceivable crisis. But the foundation of multiple-lateral action must be the closest of understanding and purpose between Britain and America.

An awkward situation arises out of the fact that some years ago your government recognized Red China while we clung, and still cling, to the theory that the Communist ruling clique there is a conspiracy and is not a government in the civilized meaning of the word. As a result of this divergence, we might conceivably have great difficulty in concerting our policies and actions in the event that there should begin an aggression out of continental China against Formosa. This matter troubles me much because I am certain that American public opinion overwhelmingly favors any necessary action on our part to make certain of the defeat of any such attempt. I must say also that I believe that America is morally bound to take such action under these circumstances and that it would be definitely in the interests of the whole free world to do so.

Where do you think your government would stand in such a contingency? I assure you that I do not expect you to give me an answer that would be considered a commitment on the part of your government. But if you and I should find that our thinking ran somewhat parallel upon these momentous possibilities, then we might arrange to put some of our trusted advisers together to study the matter further—even to include the methods by which we could induce other allies to share our convictions and our attitudes. With warm personal regard, Signed Ike."

I am asking Mrs. Whitman to read this to you over the White House phone this evening because I would like to know whether you approve in general of the effort and the general tenor of my

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[4] For text of the message from Churchill to West German Chancellor Konrad Adenauer, see the letter from Churchill to Eisenhower, Sept. 3, vol. v, Part 2, p. 1144. Adenauer's response is not printed.

presentation. If you so agree, she will send the whole thing to you by teletype—after which you can edit it, and if you think necessary, call me back before dispatching. I think it should go as a Top Secret telegram to Winston. I thought at one time of sending this as a Secret letter in the pouch so that no one aside from yourself would know its contents, but I have since decided that if it has any virtue at all, our own Ambassador in London and Anthony [Eden] should both know of its contents. Signed Dwight D. Eisenhower. [5]

[5] A memorandum of Sept. 8 from Murphy to Smith reported that Murphy, Merchant, and Robertson thought it would be inadvisable to send a message to Churchill until the President had made a decision regarding the defense of the offshore islands. A memorandum of Sept. 14 from Dulles to Eisenhower reads: "I am inclined to think that it would be better to hold this up for the time being. If the inquiry were put, I think it might lead to a counter inquiry as to our intentions and that until we have explored further the suggestion which I made at the Denver NSC meeting [on Sept. 12], it is better not to expose ourselves to this line of questioning." (Both 793.00/9–1454)

No. 285

793.00/9–854: Telegram

The Joint Chiefs of Staff to the Commander in Chief, Pacific (Stump) [1]

TOP SECRET
PRIORITY

WASHINGTON, 8 September 1954—4:49 p.m.

JCS 967397. From JCS. Pending a decision as to whether United States forces will actively participate in the defense of the off-shore islands, your attention is invited to the fact that current national policy is to encourage and assist the Chinese Nationalist Government to defend them against Communist attack. It is expected that ChiNats will utilize military equipment which we have furnished in an effective and aggressive manner in connection with operations in defense of Quemoy on the scale which we envisage as a result of their plans.

As a separate but related subject, CINCPAC is requested as a matter of priority and without consultation with ChiNats to inform JCS of any requirements for equipment which he considers would materially increase ChiNats capabilities for defense of off-shore islands and which by its nature could probably be furnished quickly.

[1] Repeated for information to Chief, MAAG, at Taipei.

No. 286

793.00/9-954: Telegram

The Commander in Chief, Pacific (Stump) to the Joint Chiefs of Staff [1]

TOP SECRET [HONOLULU,] September 8, 1954—5:25 p.m.

090325Z. JCS 082149Z cite JCS 967397. [2] Am separately querying ChMAAG Formosa and directing he reply info above addresses. Consider every effort is being made CINCPAC, ComFormDefCom (US) and ChMAAG Formosa level to insure effective and aggressive use US furnished MDAP equipment in off-shore defense. Most recent actions by Chase include (1) continuing command and staff liaison Kinmen (MajGen MacDonald there twice since emergency started, 6 off and 4 enl men there now), (2) coordinating ChiNat proposed naval and air actions to include reconnaissance, (3) influence and advice at MND level and (4) tng and logistical assistance to meet emergency. Qualified ground observer team from CINCPAC arrives Kinmen 9 Sep.

For emergency equipment requirements to improve off-shore defenses, particularly Kinmen, list follows. Expediting delivery previously submitted priority deficiency lists Formosa will both directly and indirectly improve off-shore defenses.

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[1] Repeated for information to Chief, MAAG, at Taipei.

[2] *Supra.* Both number groups refer to the same telegram; the first indicates the date and time of transmission.

No. 287

450.939/9-854: Telegram

The Secretary of State to the Department of State [1]

SECRET MANILA, September 8, 1954—11 p.m.

Secto 24. In instructions, Caccia [2] talked with MacArthur re China trade saying Attlee Peking trip would result in strong pressure not only from Labor Party but from some conservatives to relax restrictions on trade with China. Reason would be embargo was imposed because of Korean war which is now ended and also that there is no reason for having separate embargo acts for Soviet satellite bloc on one and China on other.

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[1] Repeated for information to London.

[2] Sir Harold Caccia, British Deputy Under Secretary of State for Foreign Affairs.

Caccia said government would take position question is under study. He said COCOM last July decided to consider question of relaxing trade with China "later". [3] Caccia inquired whether it would not come up in December COCOM meeting.[4] He inquired whether US would oppose modifications if Chinese Communists did not resort to further aggression. He did not ask for reply to above questions but said it was important that UK discuss this matter with us before Parliament reconvenes in October and to this end Makins will receive instructions.

DULLES

[3] Reference is to a meeting in July of the Consultative Group, which resulted in a relaxation of multilateral controls on trade with the Eastern European Soviet bloc; see Polto 132, July 22, vol. I, Part 2, p. 1230.

[4] Reference is to a prospective meeting of the Consultative Group.

No. 288

110.11 DU/9-954: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State [1]

CONFIDENTIAL NIACT TAIPEI, September 9, 1954—8 p.m.

170. Secretary Dulles and party left for Tokyo by air 5 p.m. local time after 5 hour stop in Taipei.

After luncheon with President Chiang two hour conference took place attended by Secretary, Senator Smith, MacArthur, myself and following Chinese: President, Vice President, [2] Premier, [3] Foreign Minister, Secretary General [4] and interpreter.

Detailed memorandum of conversation will be pouched [5] but following are salient points: President asked that conversation be opened by Secretary who gave summary background and accomplishments of Manila conference. Chiang regarded result as gratifying success for US.

Chiang then emphasized traditional friendship between US and China, adding that whatever was in best interest of former was, in

[1] Also sent niact to Tokyo for the Secretary.

[2] Ch'en Ch'eng.

[3] O.K. Yui.

[4] Gen. Chang Chun, Secretary General of the Office of the President.

[5] A detailed memorandum of conversation, prepared by the Chinese, was sent to the Department with despatch 138 from Taipei, Sept. 16. (110.11 DU/9-1654) Another copy was sent to Dulles with a letter of Sept. 21 from Ambassador Koo; Dulles commented in an Oct. 4 memorandum to MacArthur that it was generally, though not entirely, accurate. (611.93/9-2154)

long run, for good of China. Under such circumstances he would speak quite frankly.

First he brought up matter of proposed bilateral pact. After advancing usual arguments in favor President went on to say US has no firm policy for Asia and reluctance to give free China treaty similar to those extended other countries was evidence of this. Argument that Formosa should not have pact because situation here was "fluid" could be countered by argument fluid situation was caused by absence of pact. He was not suggesting one need be signed tomorrow but when concluded it would end current wrangling over seating of Red China in UN and possible trusteeship for Formosa; it would mark significant step toward a firm US policy in East Asia.

Supporting his standard thesis that Communist problem in Asia can be solved only by Nationalist "return to mainland" Chiang urged US military aid be given to make this possible. He gave emphatic assurance no US forces, ground, sea or air, would be needed—only adequate logistic support for his forces. He would not undertake such operation until certain of success and not until US approved. But he was confident of eventual success and US could be guided by advice of its representatives here whether his forces were prepared attack mainland at any given time.

Secretary pointed out importance of timing to move with tide not against it and mentioned certain difficulties in way of bilateral pact. These were desire to avoid freezing Nationalists in present position and problem of phrasing with reference to off-shore islands. He also remarked that certain Filipinos thought free China better off with actual Seventh Fleet protection than they were with pact which might require various steps before it would be implemented.

In conclusion Chiang recommended US exert influence on Japan to prevent becoming neutralist like India. He ascribed part of Rhee's distrust of Japan to this danger. A firm US policy would produce a strongly anti-Communist Japan. Finally President referred in passing to problems of Europe but added tinder box was Far East.

Secretary assured President he valued all former has said from his rich experience and that it had not fallen on barren ground.

RANKIN

No. 289

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 213th Meeting of the National Security Council, Washington, September 9, 1954 [1]

[Extracts]

TOP SECRET

Present at this meeting were the Vice President of the United States, presiding; the Acting Secretary of State; the Secretary of Defense; General Porter for the Director, Foreign Operations Administration; the Director, Office of Defense Mobilization. Also present were the Acting Secretary of the Treasury; the Attorney General (for Items 1–5); the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission (for Items 1–5 and 7); the Acting Director, U.S. Information Agency (for Item 2); the Deputy Secretary of Defense; the Secretaries of the Army, the Navy, and the Air Force; Assistant Secretary of Defense McNeil; the Chairman, Joint Chiefs of Staff; the Chief of Staff, U.S. Army; the Chief of Naval Operations; the Chief of Staff, U.S. Air Force; the Commandant, U.S. Marine Corps; the Director of Central Intelligence; Robert Cutler, Special Assistant to the President; Robert R. Bowie, Department of State; the White House Staff Secretary; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the main points taken.

. . . . . .

3. Significant World Developments Affecting U.S. Security (SNIE 100–4–54) [2]

The Director of Central Intelligence devoted his entire briefing to the situation with respect to the various offshore islands now under control of the Chinese Nationalists, with particular emphasis on Quemoy.

With the assistance of two charts, [3] Mr. Dulles discussed the geographic features and the strategic position of the Quemoys, indicating the likely beachheads for an amphibious landing.

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[1] Drafted by Gleason on Sept. 10.

[2] Document 276.

[3] The charts, not attached to the source text, were probably the two maps included in CIA Report No. 50318, "The Chinese Offshore Islands," Sept. 8, 1954; Dulles' briefing at this meeting, except for a few discrepancies, followed this report closely. One of the maps is entitled "South China Coast (incl. Formosa): Location of Airfields and Status of Off-Shore Islands." The other map, entitled "Communist Shelling of

Continued

Thereafter, Mr. Dulles presented a detailed review of the military power of the Chinese Nationalists and Chinese Communists, beginning with the former. Total CNG strength on the Quemoys was estimated at 40,000 regulars plus 11,000 guerrillas. The civilian population on the Quemoys numbered 6,000. All but one of the Chinese Nationalist divisions on the Quemoys had had U.S. training and were equipped with MDAP equipment. The Chinese Nationalist Government had alerted an additional 11,000 men on Formosa to be moved in to assist in the defense of the Quemoys if necessary.

The Chinese Nationalist Air Force was estimated to be capable of 175 air sorties per day over the Amoy region. To date, the maximum number of sorties actually flown had only reached 75.

Chinese Nationalist naval support available for the defense of the Quemoys consisted of two destroyers, three destroyer escorts, and additional smaller vessels. The destroyers carried 5-inch guns. The other vessels were armed with 3-inch guns.

Approximately 15 days' supply was estimated to be on hand in the Quemoys at present. Supplies for 45 days for Quemoy were estimated to be on hand in Formosa, but all such additional supply would have to be transported.

The morale of the forces, according to the latest reports, was said to be "not low", but capable of improvement. U.S. military personnel on the island at the present time consisted of 10 officers and men attached to the MAAG. There were in addition eight CIA personnel now on the islands.

Mr. Dulles then turned to the strength available to the Chinese Communists. It was estimated that some 150,000 men would be required to capture the Quemoys. Well over this number of Chinese Communist troops were available within 150 miles of Amoy, and they would be combat-fit. Two Chinese Communist jet squadrons were located near Amoy, and there were four airfields available for operations. The Chinese Communist Navy, on the other hand, was of negligible strength, consisting of six small patrol boats and 400 or 500 junks.

In conclusion, Mr. Dulles gave a brief resume of operations against the Quemoys to date, and also indicated the view of the British Joint Intelligence Committee. This body had concluded that the evidence was insufficient to determine whether the Chinese Communist bombardment of the Quemoys was a propaganda gesture designed to embarrass the Manila negotiations for SEATO, or

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Quemoys," is a large-scale map of the Quemoy Islands and the surrounding area. Neither is reproduced. The CIA report is in the Eisenhower Library, Eisenhower papers, Whitman file.

actually portended a Chinese Communist attempt to seize these islands.

Mr. Dulles also referred to the National Intelligence Estimate respecting the offshore islands, noting key pages and notable dissents in the document (SNIE 100–4–54, filed in the minutes of the meeting).

At the conclusion of Mr. Dulles' lengthy and detailed briefing, the Vice President inquired how the build-up of Chinese Nationalist forces on the Quemoys had occured. Had this large garrison existed on the island ever since the withdrawal of the Nationalist forces from the mainland?

Mr. Dulles replied by stating that except for one undermanned division which had been on Quemoy since the loss of mainland China, the forces now on the islands had been put there largely as a result of U.S. encouragement. Admiral Radford contradicted Mr. Dulles, and said that the Quemoys had had a garrison approximately the present size ever since the abandonment of the mainland. It was, however, only a year ago last July that the United States had enlarged its program of training and assistance to include Nationalist forces on these outlying islands. This change of U.S. policy had finally permitted the rotation of Nationalist divisions. Prior to this time the garrison had been static.

Mr. Dulles went on to point out that one of the major uses of the Quemoys had been to provide bases for guerrilla raids against the Chinese mainland. In the last year there had been no such raids because experience had shown that they were not very profitable.

The Vice President explained that the point of his question was to get some indication of the degree to which the safety of the Quemoy garrison should be considered a responsibility of the United States and how far the prestige of the United States had been committed with respect to the security of the Quemoys. Admiral Radford replied to the Vice President's question by stating his belief that our prestige had been committed 100%. While we had not extended our military aid and assistance program to Chinese Nationalist forces on the offshore islands until last summer, we had actually been encouraging the Chinese Nationalist Government to hold on to these islands since 1951. This latter fact was, of course, well known to the Chinese Communists.

The National Security Council: [4]

Noted an oral briefing by the Director of Central Intelligence on the situation with respect to Quemoy and other offshore islands

[4] The following paragraph constitutes NSC Action 1214. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the National Security Council, 1954")

held by Chinese Nationalist forces; and an oral summary of SNIE 100–4–54, "The Situation With Respect to Certain Islands Off the Coast of Mainland China".

4. Chinese Nationalist Offshore Islands (NSC Action No. 1206–f; [5] NSC 5429/2; [6] NSC 146/2, paras. 9–10 [7])

Mr. Cutler briefed the Council on its prior consideration of the offshore islands, and read the pertinent paragraphs (9 and 10) of U.S. policy toward Formosa. He then referred to the views of the Joint Chiefs of Staff, which had not been presented as yet in writing, and requested Secretary Wilson or Admiral Radford to present these views at this point orally to the Council.

Secretary Wilson invited Admiral Radford to discuss the views of the Joint Chiefs of Staff. At the outset, Admiral Radford stated that the views of the Joint Chiefs on the subject were split. The majority view, which he endorsed, regarded the retention of the offshore islands as of very great importance, and recommended the use of U.S. armed forces, if necessary, to prevent Communist seizure of these islands. Moreover, the majority view recommended that if the United States did decide to provide such armed assistance, there should be no public announcement of this decision. Ten of these islands, said Admiral Radford, were regarded as really important. The remainder had little significance.

Admiral Radford then indicated that the Chief of Staff of the Army, General Ridgway, dissented from this majority view. According to Admiral Radford, General Ridgway did not believe that any of these offshore islands was of sufficient military importance to warrant commitment of United States forces to hold them. Moreover, General Ridgway, said Admiral Radford, did not believe that the political and psychological importance of these islands (as opposed to their strictly military importance) was a matter which the Joint Chiefs of Staff should "take into consideration" in the expression of their views.

At this point, General Ridgway himself intervened to observe that Admiral Radford has misstated his position with respect to the last point. He said it would be correct to say that the Chief of Staff of the Army did not believe that the political and psychological importance of the islands was "a matter for the Joint Chiefs of Staff to evaluate". General Ridgway said that this was an important dis-

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[5] See footnote 15, Document 256.

[6] See footnote 16, *ibid.*

[7] Document 150.

tinction, after which Admiral Radford read to the Council from General Ridgway's written views. [8]

Mr. Cutler inquired whether it was not a fact that both the majority and the minority opinion in the Joint Chiefs of Staff were in agreement on at least the following important points: First, that the Chinese Nationalists would be unable to hold these offshore islands without United States assistance, and that, secondly, from the strictly military viewpoint, none of these offshore islands was essential to the defense and security of Formosa itself. Admiral Radford agreed that the islands were not essential to the defense of Formosa, but said that they had great importance even from the strictly military point of view. After further discussion of the strategic importance of these islands, Admiral Radford read the remainder of General Ridgway's minority opinion and also the conclusions of the majority view of the Joint Chiefs of Staff.

Mr. Cutler then inquired as to the general character of the military commitment which the United States would have to make in order to defend successfully the important offshore islands. Admiral Radford said that of course the size of the U.S. commitment would depend in the last analysis on the size of the Chinese Communist effort, but it was the view of the majority of the Chiefs of Staff that initially, at any rate, the United States could provide an adequate defense of these islands with forces that were available in the Western Pacific at the present time. If the Chinese Communists enlarged their own operations, we would be obliged in turn to step up our own forces. Such a course of action, however, would apply to any kind of limited military action to put out "brush-fire" wars, as outlined in NSC 162/2. [9]

Mr. Cutler then inquired if it would be necessary to use U.S. ground forces in a successful defense of these islands. Admiral Radford replied that in the majority opinion of the Joint Chiefs, United States ground forces would not be needed. General Ridgway, however, believed that it would be necessary to commit at least one United States division.

Mr. Cutler then inquired as to the probable character of any action which might have to be taken by U.S. forces against the Chinese Communist mainland. Admiral Radford replied that this varied in different areas. In the case of the northern group (the Tachen Islands) a successful defense could probably be conducted without any action against the mainland. However, if the Chinese

[8] The document under reference and the JCS majority view referred to in the following paragraph were apparently enclosures either to the JCS memorandum of Sept. 2 cited in footnote 2, Document 270, or to Radford's memorandum of Sept. 11 to Wilson, Document 291.

[9] See footnote 3, Document 150.

Communists threw in all their available air power against the Tachens, it might be necessary to strike against mainland air bases. In the case of the central group of islands somewhat the same situation would obtain as in the case of the Tachens. With respect to the Quemoys, however, it could be taken as certain that operations by U.S. armed forces would require some action against the mainland in order, for example, to silence the shore batteries and sink the junks. Admiral Radford added that it was the majority opinion that no decision to commit U.S. forces to the defense of these islands should be made unless the U.S. Commander were to be permitted to attack such mainland military installations as he deemed necessary. We do not want to repeat the mistake of the Yalu River decision, which permitted a sanctuary for Communist aircraft. Admiral Radford concluded that it was certainly the view of the majority of the Chiefs, and probably a view in which General Ridgway would join the majority, that if there were to be restrictions against attacks on the Communist mainland the Joint Chiefs of Staff would recommend against the provision of U.S. armed assistance for the defense of the islands.

Secretary Wilson pointed out that he had been away from Washington when the issue of the defense of the offshore islands had first come up, but that he had gone over the papers relating to the problem since his return. As a result of his conversations with Chiang Kai-shek in Formosa last May, he was well aware of the great store that the Nationalists put by these islands. Nevertheless, he did not think that we should commit our forces to the defense of these islands without clear recognition that all three branches of the Services would become engaged. This would be no partial war. Thinking broadly, continued Secretary Wilson, it was his view that if we were going to get ourselves involved in a war with Communist China at all, the time to have become involved would have been during the Korean war or during the hostilities in Indochina. He was opposed to getting into war over these "doggoned little islands". Rightly or wrongly, there seemed to him a great deal of difference between Formosa and the Pescadores, on the one hand, and these close-in islands, on the other. While these islands were helpful to us in some ways, they were a handicap to us in others. Quemoy presented a particularly tough problem because in order to defend it successfully the United States would have to attack mainland China. It would be extremely difficult to explain, either to the people of the United States or to our allies, why, after refusing to go to war with Communist China over Korea and Indochina, we were perfectly willing to fight over these small islands.

Mr. Cutler then called upon the Acting Secretary of State to present the tentative views of his department. Secretary Smith said

that the views that he would present were tentative, since Secretary Dulles was out of the country. However, he had been in communication with Secretary Dulles on the subject of the offshore islands, and would first present the Secretary's personal views since, of course, Secretary Dulles had had no opportunity to discuss the issue with his advisers in the State Department. In any event, Secretary Dulles had up to now taken the view that the United States should assist the Chinese Nationalists to defend these islands, even though they were not militarily essential to the defense of Formosa, *provided* these islands were militarily defensible and after talking with Congressional leaders. In a second message to Secretary Smith on the subject, Secretary Dulles had reiterated the importance he attached to the estimate that these islands *could* be defended if U.S. forces were provided. If the islands were not militarily defensible we would simply be involved in another Dien Bien Phu, with all its serious implications.

After thus summarizing the views of Secretary Dulles, Secretary Smith proceeded to give his own personal views on the problem. In the first place, he was inclined to agree with the views of the G–2 member, rather than of the State member, of the Intelligence Advisory Committee, as set forth in SNIE 100–4–54, that the Chinese Communists would make a determined effort to capture the Quemoys even if they were convinced that United States armed forces would be committed in order to hold the islands. Secondly, if they were prepared to take the heavy casualties resulting from such action, Secretary Smith said he believed that the Chinese Communists could capture the Quemoys unless the United States committed ground forces to their defense. Thirdly, the loss of the Quemoys would have a very serious adverse effect on the prestige of the United States. If we did undertake to commit U.S. forces and these islands nevertheless were captured, the adverse effect on U.S. prestige would be even more serious. Fourth, Secretary Smith said he was inclined to doubt whether the Quemoys were so vitally important to the defense of Formosa that we should commit United States armed forces to their defense unless we were reasonably sure in advance of success. Fifth, Secretary Smith said it was in his view pretty certain that the defense of the Quemoys would involve action on a considerable scale against the Chinese Communists, and would also involve the necessity of committing U.S. ground forces.

At the conclusion of Secretary Smith's comments, Secretary Wilson said that he had one more point to add to his earlier remarks. Before getting ourselves into a war with Communist China, we ought to figure out how we will wind up such a war. The United States is not a nation which is accustomed to fighting limit-

ed or undeclared wars. If we put U.S. ground forces on the Quemoys, or use our Air Force against the Chinese Communist shore batteries, we would have committed an act of war. This, said Secretary Wilson, would require the authority of the Congress, and he doubted in any case whether such a course of action was really in the interest of the United States at this time.

The Vice President inquired whether Secretary Wilson had any alternative to offer, and Secretary Wilson indicated that he had no such alternative at the present time, but hoped to present one subsequently.

Mr. Cutler then inquired if General Ridgway wished to add anything to the discussion. General Ridgway said he would appreciate an opportunity to read three conclusions from his paper which explained in greater detail his earlier views as presented by Admiral Radford.

Addressing himself to Admiral Radford, Mr. Cutler reminded him that the Joint Chiefs of Staff had at a recent Council meeting [10] presented a report [11] on the desirability of creating an International Volunteer Air Group (IVAG). It had been the view of the Joint Chiefs that while plans for such a group should be made, these plans should not be implemented at the present time. Accordingly, the Council had deferred action on creating IVAG. Nevertheless, said Mr. Cutler, did not the IVAG offer a third alternative to either doing nothing for the defense of these islands or committing overtly U.S. armed forces to their defense? Formosa might act as the host country to the Volunteer Air Group, and it could undertake armed action against the Chinese Communists without directly committing the prestige of the United States.

Admiral Radford replied that in order to answer Mr. Cutler's inquiry it would be best to turn back into history. Something like IVAG, General Chennault's "Flying Tigers", had been set up in the early stages of the war against Japan. [12] The existence of this group had been well known to the Japanese. Special legislation had to be enacted in order to permit United States officers to serve with the Chennault group. For the most part, also, the Chunking Government had paid the costs of the Flying Tigers. The situation today was very different. The United States would be obliged to

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[10] On Aug. 18.

[11] Reference is to the appendix to a Department of Defense memorandum of July 7 (for text, see vol. XII, Part 1, p. 604), circulated to the National Security Council with a memorandum of July 9 from Gleason.

[12] The American Volunteer Group, under the command of Maj. Gen. Claire L. Chennault, served as a unit of the Chinese armed forces from August 1941 until July 1942; see Department of State, *United States Relations With China* (Washington, Government Printing Office, 1949), pp. 28–29.

bear all the expenses of IVAG and to furnish all the planes, and, as he had said earlier in Council discussion of the subject, he believed that these planes could be more usefully employed by the U.S. Air Force. Furthermore, continued Admiral Radford, the subterfuge of an International Voluntary Air Group wouldn't really work. Everyone would realize that it was sponsored by the United States. Chiang Kai-shek might well not agree to permitting Formosa to be the host country. Finally, IVAG alone could not possibly be a substitute for U.S. commitment of its armed forces. If these islands were to be successfully defended we would certainly have to provide almost all the logistical support as well as whatever naval support was required.

The Vice President said that he had three questions which he would like to put to the Director of Central Intelligence, on the assumption that the United States decided not to commit the armed forces necessary to defend the offshore islands and contented itself with providing assistance for the evacuation of the islands. The three questions were: First, to what extent would the prestige of the United States suffer if we permitted these islands to be lost? Second, to what extent would Chinese Communist prestige be enhanced by the seizure of these islands? Third, what would be the effect on the morale of the Chinese Nationalists on Formosa if they lost the offshore islands?

In response to the first question Mr. Dulles replied that the prestige of the United States would suffer much less if we completely evacuated the islands, including civilians as well as military personnel, as opposed to a simple abandonment of these islands and their populations to the enemy. With respect to the second point, Mr. Dulles said that undoubtedly the prestige of the Chinese Communists would greatly increase if they succeeded in capturing the Quemoys. In part, at least, the prestige of the United States is already involved with these islands. As regarded the Vice President's third question, Mr. Dulles said that he did not believe that over the long run the loss of the offshore islands would have a very grave impact on the morale of the Chinese Nationalist Government and the forces on Formosa.

Admiral Radford said he disagreed with Mr. Dulles' response to the third question. He doubted very much whether we could ever induce Chiang Kai-shek to agree to evacuate his forces from Formosa, but even if he could be brought to agree to this, the result might be a revolt and the loss of control of Formosa. Formosa might even go over to the Communists. We must consider our course of action in the light of our total strategic position in the Far East.

The Vice President then invited Secretary Smith to comment on this difference in viewpoint. Secretary Smith, again speaking personally, said he was inclined to side with Admiral Radford. He then said that he believed that there were some alternatives to either giving up the islands to enemy control or committing U.S. military forces to save them. Among the things that we might do, should we decide not to intervene in strength with our armed forces, were the following: We could certainly provide greatly needed additional long-range artillery to the Nationalist forces on Quemoy. We could keep the U.S. Fleet nearby, and we could avoid disclosing U.S. intentions. We could undertake to replace all planes and naval vessels lost by the Chinese Nationalists, and we could provide additional anti-aircraft artillery. We could keep open the lines of communication and tell the world we were proposing to do so. The Chinese Communists might well deduce that more was meant by such a statement than we had actually in mind. Finally, we could agree to take part in a "rescue operation". Secretary Smith said that he had discussed this latter idea with the President over the telephone, but that the President had considerable doubts as to its validity. The President had argued that if we were going to commit U.S. armed forces to a rescue operation, why not commit them to the defense of the Quemoys?

Mr. Dulles pointed out that one of the chief uses of the offshore islands in the past had been to provide a base for guerrilla operations. There had been no guerrilla operations against the mainland for about a year; hence the islands no longer really served this purpose. Secretary Smith commented that in addition to providing bases from which guerrilla raids could be launched, these offshore islands had been useful in providing a military threat to the Communist mainland which had compelled the Chinese Communists to deploy a number of divisions to guard against the threat. Indeed, when he had been Director of Central Intelligence, and after Mr. Allen Dulles had taken over, this had been the original objective in holding on to the offshore islands. Neither he nor Mr. Dulles had at that time seriously considered the possibility of any last-ditch defense of these islands. Doubtless Chiang Kai-shek has come to take a quite different view of the importance of the islands.

Admiral Radford, speaking from the viewpoint of his former position as CINCPAC, said that there were still other advantages in holding on to these islands—notably as a potential jumping-off point for a Nationalist invasion of the mainland. Indeed, it was precisely this threat which made the Chinese Communists so anxious to capture the islands. Admiral Radford also pointed out that although when he first took office President Eisenhower had pub-

licly changed the orders of the Seventh Fleet in such fashion as to permit the Chinese Nationalists to make raids on the mainland, in point of fact we had privately informed Chiang Kai-shek that he must undertake no such actions without U.S. concurrence. Accordingly, we have had in effect a continuing veto on Chinese Nationalist raids against the mainland.

Referring to Secretary Smith's earlier discussion of possible alternative courses of action to assist in defending the islands by replacement of Chinese Nationalist losses of aircraft, naval vessels, etc., Mr. Cutler asked whether we could not do more than merely replace losses and actually provide promptly additional aircraft, naval vessels, etc., to the Chinese Nationalists. Were the Chinese Nationalists in a position to make effective use of additional U.S. matériel?

Admiral Radford replied that while the Chinese Nationalists could probably make use of more aircraft than we have thus far supplied to them, this could not be done in time to have any decisive effect on the action against Quemoy. Admiral Radford said that the Nationalists were very reluctant to risk their prized F–84 jets for the defense of Quemoy, since they thought these aircraft might be needed to defend Formosa itself. The Nationalists might, however, be willing to risk these F–84's over Amoy if they were assured that the United States would replace losses. Admiral Radford then read from a message of inquiry on this subject which he had sent to Admiral Stump, and from Admiral Stump's preliminary reply on the Chinese Nationalist supply situation. [13]

Mr. Cutler then asked Mr. Dulles to comment on the effect of the following assumption: If Admiral Radford's recommendations were adopted and the Executive went to Congress to seek authority to strike against Communist China (which, of course, would be public information), what effect would these moves have on the Soviet Union and on the relationship between Russia and Communist China?

In answering this question, Mr. Dulles said he wanted to make clear in the first place that the majority of the Intelligence Advisory Committee, with the exception of G–2, had expressed the view that if the Chinese Communists became convinced that the United States would commit its armed forces, the Chinese Communists would not actually press the attack against the Quemoys. He gathered, said Mr. Dulles, that Secretary Smith disagreed with this majority view. Secretary Smith added that in his opinion the Chinese Communists would launch the attack unless convinced that the United States would go to all-out intervention against Communist

[13] Presumably Documents 285 and 286.

China. Mr. Dulles then went on to add that in the event that the United States did push the attack into China proper, beyond the local Amoy area, the Chinese Communists would certainly try to invoke the Sino-Soviet pact.

Apropos of this discussion, General Ridgway pointed out that as he was leaving his office that morning to come to the Council meeting, he had had a report from his G–2, General Trudeau, to the effect that the members of the Intelligence Advisory Committee had reversed their previous estimate and now agreed with him that the Chinese Communists would press the attack against Quemoy even if they were aware that the United States would intervene to defend Quemoy. The Director of Central Intelligence commented, with some irritation, that it would have been useful for him to have had information of this change of view before briefing the National Security Council. Admiral Radford noted that he likewise had been ignorant of this change of position.

Dr. Flemming inquired whether, if the recommendations of Admiral Radford and the majority of the Joint Chiefs of Staff were adopted, it would be necessary to seek authority from Congress to carry out this course of action. The Attorney General replied that of course the President can and must do whatever is necessary for the defense of the United States, but it was highly advisable, policy-wise, to seek Congressional authority if time permitted. Secretary Smith added that if the Joint Chiefs of Staff were to inform the President that these offshore islands were essential to the defense of Formosa, the President would have at least the technical authority to intervene with U.S. armed forces to defend these islands. It was questionable, however, whether this technical authority could carry over and include a U.S. attack against the Chinese Communist mainland.

Admiral Radford expressed agreement with this opinion, and cited the precedents set by President Truman. He said he believed that Congress would readily support the kind of action envisaged by the Joint Chiefs of Staff, and warned that if the Council decided it was necessary for the President to go before Congress in order to have authority to defend these offshore islands, we could not guarantee that the islands could be held. If they were to be held, the U.S. reaction must be quick if not automatic, and seeking Congressional authority was likely to consume a considerable period of time.

Dr. Flemming asked why the Joint Chiefs of Staff had recommended against any public announcement of a decision by the United States to commit its armed forces to the defense of Quemoy. Admiral Radford replied that the primary reason behind this rec-

ommendation was that if no U.S. announcement were made it would help to confuse the enemy with respect to our intention.

Secretary Smith cited certain statements of Secretary Dulles, notably at his recent press conference in Formosa, in which the Secretary of State had indicated his view that the relationship of the offshore islands to the over-all defense of Formosa was primarily a military question. [14]

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S. EVERETT GLEASON

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[14] This memorandum of discussion does not record any action taken by the Council regarding this agenda item, but according to the NSC Record of Actions, 1954, in NSC Action No. 1215, the Council:

"a. Noted the views of the Joint Chiefs of Staff regarding the defense of the Chinese Nationalist offshore islands, as presented orally at the meeting by the Chairman, Joint Chiefs of Staff.

"b. Discussed the subject in anticipation of its further consideration at the next Council meeting with the President presiding." (S/S–NSC (Miscellaneous) files, lot 66 D 95)

No. 290

INR–NIE files

Special National Intelligence Estimate [1]

TOP SECRET
SNIE–100–4/1–54

WASHINGTON, 10 September 1954.

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[1] A note in the source text reads as follows: "Submitted by the Director of Central Intelligence. The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff. Concurred in by the Intelligence Advisory Committee on 10 September 1954. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G–2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; the Deputy Director for Intelligence, The Joint Staff. For the dissenting view of the Assistant Chief of Staff, G–2, with respect to Chinese Communist intentions, see footnotes to paragraphs 3 and 5. The Atomic Energy Commission Representative to the IAC and the Assistant to the Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction."

[*] The Chinese Nationalists maintain regular forces on the Tachens, Nan Chi Shan, Matsu, White Dog, and the Quemoys (Chinmens). These islands are referred to as the Nationalist occupied islands. This phrase does not include Taiwan and the Pescadores. [Footnote in the source text.]

THE SITUATION WITH RESPECT TO THE NATIONALIST OCCUPIED ISLANDS OFF THE COAST OF MAINLAND CHINA *

(This estimate supplements Special National Intelligence Estimate Number 100–4–54, [2] and is a Summary thereof.)

ESTIMATE

We believe that:

1. The Chinese Communist objective is to take over the Nationalist occupied islands at some time, and they look upon such action as an essential part of the consolidation of their control of all China.

2. The Chinese Communists have the military potential to seize and hold the Nationalist occupied islands against any defense which the Chinese Nationalists alone can make available. In the case of Quemoy, which is well defended, a successful assault would be difficult and time consuming and would involve particularly heavy losses. (The question as to whether the Nationalist occupied islands could be held by the Chinese Nationalists if the United States supplied naval and air support, or naval, air, and ground support, is a matter to be passed upon by the Joint Chiefs rather than by the Intelligence Advisory Committee.)

3. Peiping presently believes that an all-out effort to take the Nationalist occupied islands might well involve a substantial risk of war with the US, and they will continue in this belief so long as sizeable US forces are maintained in the Western Pacific and so long as the Chinese Communists believe that these forces may be used to support a Nationalist position on the Nationalist occupied islands. We believe that the Chinese Communists desire to avoid a war with the US. †

4. Nevertheless, as long as the Chinese Communists are uncertain as to US intentions, they will be increasingly willing to undertake probing actions designed to test US intentions and to conduct raids against the Nationalist occupied islands, to occupy undefended adjacent islands, and to increase air, naval, and artillery activities. If such actions encounter no appreciable US counteraction the

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[2] Document 276.

† The Assistant Chief of Staff, G–2, believes that paragraph 3 should read as follows:

"We believe that Peiping presently estimates that efforts to take the Nationalist occupied islands would involve a risk of war with the US. The Communists probably will continue to feel that this risk exists so long as sizeable US forces are maintained in the Western Pacific, and so long as US policy to support Nationalist China remains unchanged. We believe that the Chinese Communists desire to avoid war with the US. However, we believe that in spite of the Communist feeling that risk of war will be involved, they are likely to attempt to seize some of the Nationalist occupied islands." [Footnote in the source text.]

Chinese Communists will probably increase the scale of their attacks even to the extent of attempting to seize major Nationalist occupied islands.

5. The Chinese Communists would probably be deterred from an all-out attempt to seize the occupied islands if they were convinced that the result of such action would be military counteraction by the US including attacks on bases on the China mainland. They would be so convinced if the present US guarantee with respect to Taiwan and the Pescadores were extended to the Nationalist occupied islands and were made known to the Chinese Communists. ‡

6. In the absence of a prior US guarantee, a takeover of the islands by a successful Chinese Communist attack would have serious psychological and prestige consequences for the Chinese National Government and would result in some loss of US prestige. However, these consequences would be somewhat mitigated for the United States and possibly for the Chinese National Government § if the military garrisons and civil population of the islands were voluntarily evacuated and the reason for such action clearly set forth, and if simultaneously US policy with respect to Taiwan and the Pescadores were reaffirmed. If the islands should fall to the Communists after the US Government had guaranteed their defense, the adverse effects on the Chinese National Government would be greatly intensified and US prestige throughout the world would suffer a serious blow.

7. If, as a result of military action in regard to these islands, the US became involved in large-scale fighting with Communist China, this would have serious repercussions upon the conduct of US policy in other parts of the world. Moreover, it must be assumed that in this case Communist China would do all in its power to make the Sino-Soviet Treaty operative.

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‡ The Assistant Chief of Staff, G–2, believes that paragraph 5 should read as follows:

"The Chinese Communists might not be deterred from an attempt to seize some of the occupied islands even though we announce that the result of such action will be military counteraction by the US including attacks on bases on the China mainland. They probably would not be convinced of US military counteraction if the present US guarantee with respect to Taiwan and the Pescadores were extended to the Nationalist occupied islands and were made known to the Chinese Communists." [Footnote in the source text.]

§ The Deputy Director for Intelligence, The Joint Staff; the Assistant Chief of Staff, G–2; and the Director of Naval Intelligence, believe that these consequences would not be mitigated for the Chinese National Government. [Footnote in the source text.]

No. 291

PPS files, lot 65 D 101, "China"

Memorandum by the Chairman of the Joint Chiefs of Staff (Radford) to the Secretary of Defense (Wilson)

TOP SECRET WASHINGTON, 11 September 1954.

Subject: U.S. policy regarding off-shore Islands held by Chinese Nationalist Forces, NSC Action 1206-f.

1. As a result of NSC Action 1206-f taken at their meeting on 18 August 1954, the Joint Chiefs of Staff were requested by the Acting Secretary of Defense to forward their views on United States policy in regard to the islands close to the mainland of China now held by the Chinese Nationalist forces. In their memorandum of 2 September 1954, [1] the Joint Chiefs of Staff forwarded split views to the Secretary of Defense. The Chief of Staff U.S. Air Force and the Chief of Naval Operations held one view. The Chief of Staff U.S. Army held another. The Chairman of the Joint Chiefs of Staff concurred in the views of the Chief of Naval Operations and the Chief of Staff U.S. Air Force. The Marine Corps was represented in the discussions which led to the preparation of this split paper but did not express a direct interest and therefore their views did not appear.

2. In accordance with an understanding between the Joint Chiefs of Staff and the Secretary of Defense a discussion of the differing views contained in the memorandum of 2 September 1954 was held with the Acting Secretary of Defense on 3 September 1954 and prior to the formal submission of the split views therein. At the time this discussion was held the first dispatches on Chinese Communist action directed against Quemoy Island had come in, and as a consequence there was some discussion of this situation. Later in the afternoon of 3 September 1954, the Acting Secretary of Defense and the Chairman of the Joint Chiefs of Staff conferred with the Acting Secretary of State in regard to the situation posed by the Communist action against Quemoy Island. As a result of this conference, the Acting Secretary of Defense dispatched a message to the President which outlined the Communist action against Quemoy, described in general terms the military situation there, and gave the President an outline of the Joint Chiefs of Staff memorandum of 2 September 1954 in regard to off-shore Islands, pointing out that it had been written before reports of Communist action against Quemoy had been received. Copies of this dispatch

[1] Not printed, but see the message from Anderson to Eisenhower, Document 270.

were sent to the Secretary of State in Manila, the Secretary of Defense, Admiral Felix B. Stump (CINCPAC), and delivered to the State Department in Washington.

3. The Secretary of State in telegrams from Manila on September 4th and 5th [2] expressed certain views in regard to the situation at Quemoy and in these messages propounded two cogent questions:

a. Do the Joint Chiefs of Staff feel that from a military point of view the defense of Quemoy Island is substantially related to the defense of Formosa?

b. Do the Joint Chiefs of Staff consider that Quemoy Island is defensible by the Chinese Nationalists with U.S. assistance?

The Chairman of the Joint Chiefs of Staff after conferring with the Acting Secretary of Defense decided that the Joint Chiefs of Staff should prepare their views on these two questions as soon as possible. Two special meetings of the Joint Chiefs of Staff were held on Sunday, 5 September 1954, and Monday, 6 September 1954. These meetings again resulted in split views. Forwarded herewith as Enclosure (A) are the views of the Chief of Naval Operations, Chief of Staff U.S. Air Force, and the Commandant of the Marine Corps. Enclosure (B) contains the views of the Chief of Staff U.S. Army. The comments of the Chairman of the Joint Chiefs of Staff on Enclosures (A) and (B) are contained in the appendix to this memorandum.

4. The Chairman of the Joint Chiefs of Staff is firmly convinced that the decision of the United States to act with military force, if necessary, in support of the Chinese Nationalists in this instance will have far reaching implications—politically, psychologically, and militarily—vis-à-vis the Communist regimes. Initially this reaction will serve United States interests with respect to the Chinese, subsequently in other areas of the Far East, and ultimately on a global basis. He considers that the policy recommended in Enclosure (A) to the memorandum of 2 September 1954, and reflected in Enclosure (A) to this memorandum, will enhance the position of the free world and will lead to a deterioration of that of the Communists. On the other hand, to follow the policy advocated by the Chief of Staff U.S. Army will lead to further deterioration of the posture of the United States and to greater and greater accretions to Communists strength and influence worldwide.

5. The Chairman of the Joint Chiefs of Staff concludes that the question involved in a decision pro or con on the use of United States forces to assist in the defense of Quemoy and other off-shore

[2] Dulte 1 and Dulte 5, Documents 273 and 278.

Islands now held by the Chinese Nationalists is fundamental in the following respects:

a. It affects the broad context of U.S. policy not only in the Far East but throughout the world;

b. As specifically related to the Far East, it affects the policy to be adopted by the United States in regard to that part of the world as a whole and particularly towards Communist China. Collaterally, the issue involves the will of the United States to support the defensive military operations of the Chinese Nationalists as an ally and to sustain the viability of the Nationalist Government of the Republic of China;

c. The decision regarding Quemoy Island should be made in the light of our determination to resist the further spread of Communism. If we decide to resist such a limited aggression, we do risk an enlarged conflict. If we fail to resist this aggression, we commit the United States further to a negative policy which could result in a progressive loss of free world strength to local aggression until or unless all-out conflict is forced upon us.

The Chairman of the Joint Chiefs of Staff recommends that the Secretary of Defense support the position taken in Enclosure (A) to this memorandum and in Enclosure (A) to the Joint Chiefs of Staff memorandum of 2 September 1954.

[Appendix]

Comments by the Chairman of the Joint Chiefs of Staff (Radford)

Chairman's Comments on Enclosure (A)

1. On pages 2 and 3 [3] a statement is made to the effect that the Communists could mount an assault against Quemoy in the space of a couple of hours. The Chairman of the Joint Chiefs of Staff feels that this is an extremely optimistic estimate of Communist capabilities. The difficulties of loading and transporting a sizeable force in junks and sampans at night with the coordination necessary to concentrate a sizeable simultaneous attack at one point, are considerable. The Chairman believes that it would be possible by proper reconnaissance and intelligence to predict, in advance, an attack of this kind since large numbers of junks and sampans would have to be concentrated.

2. On page 3, [4] it is again stated that successful defense of the islands of Quemoy and Little Quemoy in the face of a determined attack would *probably* involve U.S. forces in some action against

[3] Numbered paragraph 3, the third subparagraph in Enclosure A below.

[4] Reference is to the last sentence in the subparagraph cited in footnote 3 above.

the mainland. The Chairman feels that it would *undoubtedly* involve some action by U.S. forces against the Chinese mainland.

Chairman's Comments on Enclosure (B)

3. On page 3, paragraph 5 (a) it is stated in part that "Chinese Communist air forces are capable of massing sufficient MIG 15's without warning to gain local air superiority over the target area. Within a period of from 12 to 18 hours, up to 550 jet fighters and 150 piston fighters could be available. 250 piston type bombers and 150 IL 28's also could be employed without warning." The Chairman feels that this is an extremely optimistic estimate of the Chinese Communist air capabilities and does not agree that the Chinese Communists have a capability of employing a force of this magnitude without warning, assuming reasonable reconnaissance and intelligence efforts continue to be made by the Chinese Nationalists and/or our own forces. The Chinese Communist Air Force figures given are the major part of their combat strength—including most of the aircraft now deployed in Manchuria.

4. On page 4, paragraph 5 (c), it is stated that a successful defense of Quemoy Island would require the commitment of at least one division of U.S. ground forces with necessary antiaircraft artillery and supporting troops in addition to U.S. naval and air forces. The Chairman does not agree that it is necessary to commit U.S. ground forces since the Chinese nationalists are fully capable of providing additional manpower for the defense of this position. U.S. material assistance will, of course, be necessary and limited technical assistance may be desirable.

5. On page 5, paragraph 6 (a), the Chief of Staff, U.S. Army, discusses the effect of redeployment of certain air squadrons to Formosa as requested by CINCPAC. CINCFE's views on this redeployment are attached to Enclosure (B) as an appendix. In connection with these comments, the Chairman feels that sufficient air strength (probably one interceptor wing) can be redeployed from the Japan–Korea area without unduly jeopardizing the security of our forces there. He points out that an attack on Japan, such as is envisaged by CINCFE, would involve a totally different situation requiring implementation of our global war plans.

6. On pages 5 and 6, paragraph 6(b) (c), the freedom of action proposed in Enclosure (A), to be granted to the responsible U.S. commander in the area, is alleged to confer upon a subordinate military commander, the power of decision with regard to peace or war. The Chairman considers this an exaggeration. The authority of the commander concerned would be clearly delineated in the orders promulgated to him in consonance with orders from the President, even as they are presently clearly and definitely set

forth in the directives to the Commander 7th Fleet in pursuance of existing policy regarding the defense of Formosa. Furthermore, recognition should be accorded to the reliability of our modern communication systems, which enable a prompt and adequate flow of information between the commanders on the scene, the Commander in Chief Pacific, the Joint Chiefs of Staff, the Secretary of Defense, and the President.

7. On page 6, paragraph 7, the Chief of Staff, U.S. Army, states that the risks involved in a decision to assist in the defense of Quemoy would demand emergency action to strengthen the entire National Military Establishment. The Chairman of the Joint Chiefs of Staff is in complete disagreement. The current military concept of the United States envisages the application of U.S. military force on a limited basis in supporting the ground forces of our allies and coping with so-called "brush fires." While some minor adjustments in our military deployments and programs might be indicated in this eventuality, they should not, at this time and under these circumstances, involve major changes in our military programs in anticipation of either all-out war with Communist China or general war. Actually this recommendation, if followed, would materially increase the risk of enlarging the conflict.

Enclosure "A"

Views of the Chief of Naval Operations (Carney), the Chief of Staff, United States Air Force (Twining), and the Commandant of the Marine Corps (Shepherd)

Subject: U.S. Military Assistance in the Defense of the Quemoy Islands

1. In his consideration of the subject, the Secretary of State has propounded two cogent questions to the Secretary of Defense:

a. Do the Joint Chiefs of Staff feel that from a military point of view the defense of Quemoy Island is substantially related to the defense of Formosa?

b. Do the Joint Chiefs of Staff consider that Quemoy Island is defensible by the Chinese Nationalists with U.S. assistance?

2. Do the Joint Chiefs of Staff feel that from a military point of view the defense of Quemoy Island is substantially related to the defense of Formosa?

From the military point of view, the retention of Quemoy in the hands of the Chinese Nationalists has the following advantages:

The Kinmen group blocks Amoy approaches and can likewise be used to counter ChiCom invasion operations from that port. These

islands are important also because of: (1) NGRC morale, (2) psychological warfare purposes, (3) commando raiding, (4) intelligence gathering, (5) maritime resistance development, (6) sabotage and (7) escape and evasion.

On the other hand, in possession of the Chinese Communists it affords them unrestricted and unimpeded use of their best harbor south of Shanghai from which could be launched an amphibious attack against Formosa and the Pescadores. The possession of Quemoy by the ChiNats is not essential to the defense of Formosa, nor is its possession by the ChiComs essential to the capture of Formosa, so far as can be judged, but it is substantially related to the defense of Formosa. This is also true of the Matsu and Tachen groups.

Aside from the tactical relationship of these offshore island groups to the defense of Formosa, it is considered important to emphasize that the loss of these islands cannot be weighed solely in terms of territory or tangible military resources. The adverse results of their loss through failure of the United States to assist the Chinese Nationalists in their defense would be such as to undermine the morale of the NGRC, which in turn would have a substantial bearing on our ability to defend Formosa.

3. Do the Joint Chiefs of Staff consider that Quemoy Island is defensible by the Chinese Nationalists with U.S. assistance?

This question cannot be answered by a simple "yes" or "no".

The Quemoy island group, of which there are two principal islands, are in and form a part of the harbor of Amoy. Little Quemoy is distant but 4 miles from Amoy and Quemoy 7 miles at its closest point. On the other hand, Amoy itself is an island, lying off the small alluvial plain of the Chin-lung Chiang river. It is surrounded on three sides by the mountains of Fukien province and has no rail and but poor road connection with the hinterland. Its commercial communications with the rest of China are mainly by sea.

In view of the time and space factors inherent in the geography, it is essential that the defenders of Quemoy have a freedom of action which may extend beyond the immediate tactical situation. It is not enough that they await the actual assault, which could be mounted by masses of men moving by night to concentration points and arriving at their objective by junks and sampans in the space of a couple of hours. Constant surveillance will be required to spot concentrations of waterborne craft, of troops and of guns. If of such size as to threaten the islands, they must then be destroyed. The same is true of the air threat if and when it develops. In this connection, successful defense of the islands in the face of a determined attack would probably involve U.S. Naval and air forces in some direct action against the Chinese mainland.

There is need for accurate and timely intelligence of the situation at Quemoy from U.S. sources and through U.S. channels of communication. The only communications with Quemoy at present are through ChiNat channels.

The great imponderable in any estimate of the defensibility of the islands is the morale and will to fight of the ChiNat garrisons. Hence the necessity for the freedom of action U.S. forces assisting

the ChiNats must have in order to reduce or abort the threat of assault before it is launched. Subject to such factors as infiltration and subversion, morale and the concomitant will to fight rest primarily on the ratio of the chances of victory to the chances of defeat. From the standpoint of the United States, in entering into the commitment here being considered we must be willing to pay the price to keep this ratio high.

In summary, the Chief of Naval Operations, the Chief of Staff, U.S. Air Force and the Commandant of the Marine Corps consider that against such effort as the ChiCom are likely to commit or could support, Quemoy is defensible with our aid, provided:

a. We maintain constant surveillance of the Amoy area and the sources of air and sea-borne threats to Quemoy.

b. We install and maintain U.S. channels of communication with our personnel on the ground in Quemoy.

c. The responsible U.S. commander be given freedom of action to strike when and where necessary to defeat an actual invasion of the ChiNat-held islands or to break up ChiCom concentrations, deployments and dispositions which in his judgment are preparations of a sort and scope which constitute a major threat of invasion. The question of the use of atomic weapons would be presented if and when the need arises, but with the understanding now that if essential to victory their use would be accorded.

d. U.S. naval and air forces are committed to this task and maintained in the general area and on the requisite degree of alert.

4. It is the opinion of the Chief of Naval Operations, the Chief of Staff, U.S. Air Force and the Commandant of the Marine Corps that fulfillment of the foregoing conditions are within U.S. current capabiliities, with certain administrative redisposition of available forces. It may be necessary to request increases in specific categories of forces, but failing an expansion of the area of conflict, they would be minor. The defense of Quemoy cannot be considered in isolation since the ChiCom have the capability of threatening simultaneously the three groups of offshore islands held by the ChiNats and considered by CINCPAC important to the defense of Formosa—the Quemoy, Matsu and TAchen islands—thus creating uncertainty as to their true objectives. Such action, should it develop, might require on our part increased reconnaissance forces and a degree of alert on the part of the principal defensive U.S. forces which could be maintained over the long pull only by some over-all increase in order to afford more frequent rotation.

Enclosure "B"

Views of the Chief of Staff, United States Army (Ridgway)

Subject: U.S. Military Assistance in the Defense of the Quemoy Islands

1. I have considered the two questions raised by the Secretary of State in Secto 1 [*Dulte 1*], together with the views of the Chief of Naval Operations, the Chief of Staff, U.S. Air Force, and the Commandant of the Marine Corps as expressed in Enclosure "A". I cannot concur in the views expressed therein and, accordingly, submit a separate analysis of the questions asked.

2. With respect to the question of whether "from a military viewpoint the defense of the Quemoy Islands is substantially related to the defense of Formosa," it is my view that the defense of the Quemoy Islands is not of sufficient military importance to the defense of Formosa to warrant the commitment of U.S. forces to its defense. My reasons follow:

a. The defense of Formosa will not conceivably become a problem except in war with Communist China. In such case, retention of Quemoy could serve only three major purposes—(1) as an element in an outpost line of observation, (2) as an obstacle to Chinese Communist offensive operations against Formosa and the Pescadores, and (3) as a base for offensive operations against mainland China.

b. In the event of all-out Communist attack, the forces required to insure retention for any of the above purposes would not be commensurate with any military advantages accruing from the successful defense of the Quemoys. Should our Far East military position have so deteriorated as to give a Communist major attack on Formosa or the Pescadores any reasonable chance of success, an all-out defense of the Quemoys in the face of an all-out Chinese Communist attack would be militarily unsound because of:

(1) The vulnerability of the Quemoys and the military advantages lying with the Communists in operations against Quemoy.

(2) The magnitude of the United States and Chinese Nationalist forces required.

(3) The minuscule importance of Quemoy in such a situation, because of:

(a) The ease with which the Communists could conduct operations against Formosa without using the Amoy area.

(b) The lack of any decisive or even major objectives for counter-offensive operations within any reasonable distance inland of the Quemoys.

3. I note that the Chief of Naval Operations, the Chief of Staff, U.S. Air Force, and the Commandant of the Marine Corps view the defense of the Quemoy Islands as being *substantially related* to the

defense of Formosa but not *essential* to its defense. I note further that they base the importance of Quemoy largely upon political and psychological considerations including the effect upon the morale of the Chinese Nationalist forces and also, in part, upon a number of relatively minor military purposes served by Chinese Nationalist retention of the islands.

a. It is apparent that the use of the phrase "substantially related to the defense of Formosa" may lead to grave misunderstanding. A decision that the defense of the Quemoy Islands is "substantially related to the defense of Formosa" could lead to war with Communist China. In view of the fundamental issue involved, such a decision should be justified militarily on the basis that the Quemoys are essential to the defense of Formosa and not merely on the questionable and indefinable basis that they are "substantially related" thereto. No such justification of essentiality exists within the category of military factors and none has been produced by the Chief of Naval Operations, the Chief of Staff, U.S. Air Force, and the Commandant of the Marine Corps, who have stated clearly that the defense of the Quemoys is not essential to the defense of Formosa.

b. With respect to the importance of the Quemoys in blocking the Amoy approaches if retained by the Nationalists, or in the possession of the Communists affording them use of Amoy Harbor for launching an attack against Formosa and the Pescadores, it is pointed out that the Fukien-Chekieng coast is long and irregular and contains many areas for assembly, staging and embarkation. The Communists could launch a major attack against Formosa and the Pescadores irrespective of control of the Quemoy Islands.

c. With respect to the political and associated psychological issues which are involved, these should be decided by proper authority and should not be the subject of military comments by the Joint Chiefs of Staff.

4. In summarizing my views with respect to the question discussed in paragraphs 2 and 3 above, I emphasize that from the purely military point of view the defense of the Quemoy Islands is *not* substantially related to the defense of Formosa.

5. My views concerning the question of the defensibility of the Quemoy Islands are as follows:

a. Intelligence estimates indicate that the Chinese Communists are capable of massing four armies and supporting troops in the vicinity of Amoy for an all-out offensive against the Quemoy Islands. Sufficient junks and small craft could be concentrated on short notice to lift approximately 50,000 troops and some supporting artillery for an initial assault, with additional forces in follow-up echelons. The actual assault could be mounted by troops moving by night to concentration points and arriving at their objective by junks and sampans in the space of a few hours. Chinese Communist air forces are capable of massing sufficient MIG 15's without warning to gain local air superiority over the target area. Within a period of from 12 to 18 hours, up to 550 jet fighters and 150 piston

fighters could be available. 250 piston type bombers and 150 IL 28's also could be employed without warning.

b. If the Chinese Communists launch an all-out assault, it is considered that the Quemoy Islands could not be defended successfully by the Chinese Nationalists without U.S. assistance. This would be true even if the current deficiencies of the defense forces on Quemoy in medium artillery, antiaircraft artillery and armor were remedied.

c. In view of the closeness to the mainland of the Quemoy Islands, the relatively short time required to concentrate both air forces and waterborne craft, and the availability within striking distance of adequate Chinese Communist ground forces, it would be difficult for the United States to defend successfully the Quemoy Islands by naval and air forces alone. It is my view that the Quemoy Islands can be defended successfully by the Chinese Nationalists with U.S. assistance, provided such assistance includes reinforcement by U.S. ground forces in the strength of at least one division, with the necessary antiaircraft artillery and other supporting troops, together with adequate naval, air, and logistical support. However, this defense would require that no restrictions be placed on U.S. military operations against Chinese Communist forces and against mainland targets to whatever depth inland may be militarily advantageous.

6. Any action to engage in the defense of the Quemoy Islands should be undertaken by U.S. forces adequate beyond any possibility of failure. If we go in, we must go in to win. However, the provision of the necessary forces, and the initiation of the requisite actions, carry with them certain grave implications. CINCFE's estimate of the impact on his mission is contained in the Appendix hereto.

a. The release by CINCFE to CINCPAC of the forces required by the latter to implement his plan for the defense of the Quemoys would decrease the forces available to CINCFE to a point which might seriously threaten the security of his command. Because the current deployment of Chinese Communist air forces poses an immediate threat to CINCFE's area of responsibility, the 7 USAF jet squadrons requested by CINCPAC cannot be made available to him within risks acceptable to CINCFE. Moreover, the provision of U.S. forces for the defense of the Quemoy Islands would seriously interfere with planned U.S. redeployment from the Far East and would represent an unwarranted commitment of available U.S. forces in the absence of decisive action under the conditions of intervention envisaged. Under these circumstances, substantial increases in U.S. forces in the Far East would be necessary to carry out a successful defense of the Quemoy Islands. This could lead ultimately to inability to meet U.S. commitments in other areas.

b. The Chief of Naval Operations, the Chief of Staff, U.S. Air Force, and the Commandant of the Marine Corps indicate that U.S. forces assisting the Chinese Nationalists must have freedom of action in order to reduce or abort the threat of assault before it is launched. This includes granting authority to the responsible U.S.

commander to strike when and where necessary to break up Chinese Communist concentrations, deployments and dispositions which, in his judgment, are preparations of a sort and scope which constitute a major threat of invasion. This would involve U.S. naval and air forces in some direct action against the Chinese mainland, and could involve the use of atomic weapons. These actions, however logical militarily, would constitute aggression on the part of the United States which would, in the eyes of the world, be guilty of initiating war against Communist China.

c. *In essence, the United States would be conferring upon a subordinate military commander the power of decision with regard to peace or war.* The gravity of this decision is such that this authority should be reserved to the President or to an individual specifically designated by him.

d. If war with Communist China should actually result, the Quemoy Islands would be only of minor importance, except with respect to the possible loss of all or a major part of the Chinese Nationalist forces on the Quemoys, and any U.S. forces which might then be in the area. Under such circumstances, the probable decision would be to promptly withdraw all these forces for more profitable use elsewhere. It is illogical to risk war for a geographic position which would probably be abandoned in the event of war.

7. The possibility that the United States Government may decide to participate with armed force in the defense of Quemoy dictates the wisdom of considering immediately the major actions which should accompany such decision. This decision would in my opinion inevitably result in all-out war with Communist China, and would increase the risk of general war. The risks involved would demand emergency actions to strengthen the entire national military establishment and to prepare for war. Specific immediate actions should include, as a minimum:

a. Deployment of requisite military forces to the area.
b. Expansion of forces in being.
c. Expansion of the training base.
d. Increased production and procurement.

8. The measures outlined above would be all the more necessary because the burdens of the war might have to be borne by the United States without assistance from its major Allies, who might not view sympathetically such U.S. military operations against Communist China.

9. In summary, and for the reasons stated herein, I conclude that:

a. From the military point of view, the defense of the Quemoy Islands is *not* substantially related to the defense of Formosa.

b. The Quemoy Islands are defensible against an all-out Chinese Communist attack only if (1) the Chinese Nationalist forces are reinforced with completely adequate U.S. ground, naval and air forces and furnished logistical assistance, and (2) military oper-

ations against the Chinese Communists could include mainland targets to whatever depth inland might be militarily advantageous and with any or all available weapons.

c. The military value of the Quemoy Islands and their continued retention by the Chinese Nationalists is not sufficient to warrant United States military operations in their defense and to justify the war with China which would ensue.

d. In the event the U.S. Government should decide to participate with its armed forces in the defense of Quemoy, then collateral actions are required, including the immediate strengthening of the national military establishment and preparation for war.

10. In the event of a decision to participate with armed forces in the defense of the Quemoys, I recommend that:

a. Decisions simultaneously be made for immediate actions to strengthen the national military establishment and prepare for war, as indicated in paragraph 7 above.

b. Authority to direct an overt act which could result in war with Communist China be reserved to the President or a single individual designated by him.

Appendix to Enclosure "B"

Views of the Commander in Chief of the Far East (Hull) [5]

TOP SECRET

"1. Adm Stump and I met late the morning of 6 Sep to discuss the Quemoy problems . . . [and] the augmentation of forces which Adm Stump has asked that CINCFE be prepared to provide.

"2. . . . I could release, and I have already agreed to provide, the . . . cruisers . . . and the additional destroyer division requested . . . [DA IN 82923C, 4 Sep 54 [6]]. The bulk of the naval forces are already in the South, so that further diversion is not too serious. . . .

"3. On the air side, I am unable to agree . . . to furnish the air units which have been requested.

"4. If U.S. intervention takes place, there may develop a necessity for implementation of our . . . [Operations Plan or Emergency War Plan]. If that should prove to be the case, the U.S. Air Forces diverted to the defense of the Quemoy area would be seriously maldeployed. In the light of the grave threat represented by the total Communist air power in this general area and the center of gravity of enemy air deployment, which is definitely in the North, it ap-

[5] Extracts apparently taken from a message from Hull to the Joint Chiefs of Staff; ellipses and bracketed material are in the source text. The date of the message is not indicated.

[6] Not printed.

pears that these air forces should remain where they will be most useful in contributing to the security of the forces of my command and the fulfillment of my over-all mission with respect to Japan and the Ryukyus.

"6. Quemoy Island is positioned so close to the mainland that its defense will require that the defending forces go inland to some degree. . . . [while] Formosa's position 100 miles from the mainland does not present the same requirement . . . [if] . . . the U.S. intervenes with military forces in the defense of Quemoy Island, there is serious likelihood that the situation would progress rather swiftly to that of general hostilities with Communist China since I believe the task of localizing the fighting would be most difficult. . . .

"7. There are a number of more detailed reasons for not diverting CINCFE air force units [such as the air redeployment and conversion program, the fact it would be necessary to divert from Korea the required air units and part of the supporting signal, antiaircraft and engineer units, the difficulty of extricating from Formosa air units once committed, etc.] . . .

"8. . . . I feel that, initially at least, the requirement for an air effort in the Amoy area should be met by U.S. naval air and by NGRC air forces. I feel that I cannot concur in the release of any air force units to CINCPAC for operation in the Kinmen [Quemoy] area due to the present situation here and to the dangerous impact such release would have on the situation in Korea and on my primary mission for the defense of Japan.

"9. The successful defense of Quemoy or any other of the offshore islands will depend in the final analysis in my judgment on the caliber and strength of the Chinese Nationalist ground forces deployed for their defense. I am not in position to judge the capacity of these troops. I seriously doubt that intervention by U.S. naval and air forces would prove decisive if the ground forces are unequal to their task. Intervention by U.S. forces is war with Communist China and even though it may be conceived initially as a limited operation only events to follow will prove or disprove such to be the case. The loss of these islands would unquestionably be a serious blow to the morale of Nationalist China. On the other hand, should the U.S. intervene and be unsuccessful in defending them, it would be catastrophic to the prestige of the U.S. throughout Asia. For this reason, if decision is made for the U.S. to intercede in the defense of any of these offshore islands, it must be done with whatever force is necessary."

No. 292

Eisenhower Library, Dulles papers, "White House Memoranda"

Memorandum Prepared by the Secretary of State [1]

TOP SECRET [WASHINGTON,] September 12, 1954.

I.

1. Quemoy cannot be held *indefinitely* without a general war with Red China in which the Communists are defeated. The Reds might agree to the independence of Formosa, but never the alienation of the off-shore islands like Quemoy.

2. If we want such a war, Quemoy can be made to provide the issue.

3. However, it is doubtful that the issue can be exploited without Congressional approval. *Probably,* Congress will be acquiescent in the Executive sustaining the 1950 order to the Seventh Fleet to defend *Formosa.* Undoubtedly, there would be serious attack on the Administration, and a sharply divided Congress and nation, if the Executive sought to use his authority to order U.S. forces to defend also Quemoy, Tachen etc., which are not demonstrably essential to the defense of Formosa, as shown by the fact that for four years they have not been included in the area the Fleet is ordered to defend.

4. Probably, but by no means certainly, Congress and the nation would respond to an all-out appeal to the Congress, on the broad issue that we cannot afford to be acquiescent to any more Communist gains in the area. However, this acquiescence is less likely during the campaign than subsequently.

5. Almost certainly a committal under present circumstances to defend Quemoy etc. would alienate world opinion and gravely strain our alliances, both in Europe and with ANZUS. This is the more true because it would probably lead to our initiating the use of atomic weapons.

II.

1. If we do *not* want an all-out war with China, that does not necessarily require an immediate or public disassociation of ourselves from the off-shore islands. It does not seem that any all-out ChiCom assault is likely in the near future because of (a) early adverse weather conditions; and (b) uncertainty as to US reaction.

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[1] A notation in Dulles' handwriting on the source text reads as follows: "Prepared as talking paper for Denver NSC, but not read or submitted in this form. JFD"

2. However, the longer uncertainty of US action is perpetuated—coupled by US aid and MAAG activity on Quemoy etc.—the more this develops an implied obligation and the greater would be the loss of US prestige if the Island is later lost while the US stands by.

3. Probably the monsoon season will be used for air and land buildups of such a character that the issue will be formidably and inescapably posed in a few months.

4. The problem, if we want to avoid all-out war with China, is to do so on terms that will avoid a serious loss of ChiNat morale and US prestige.

III.

1. It is suggested that the US should take the situation to the UN Security Council, on the ground that ChiCom action is a threat to international peace. It would be pointed out that action against Quemoy is avowedly part of a program to take Formosa by force, which the US is publicly committed to defend. Therefore, the situation is *not* purely domestic, civil war.

2. The US would seek "provisional measures" to "prevent an aggravation of the situation" (Article 40). [2] These measures could, in effect, be an injunction against ChiCom efforts to disturb the present situation by the use of force.

3. This move could put a serious strain on Soviet-ChiCom relations. If the SU vetoed the move, that would gravely impair its "peace offensive" and then the US would win a measure of support from allies and world opinion now lacking. If the Soviets did *not* veto, the ChiComs could react adversely, and might, indeed, defy the UN. In that case the ChiComs would again become an international outcast.

4. It would have to be recognized that the US could not wholly control the situation in the Security Council, and there would have to be preliminary work. This would particularly involve the UK, to assure a tolerable result in the Security Council; and the ChiNats to be sure they would not veto the program in the SC.

Probably a temporary injunction, which restrained the Communists from disturbing Quemoy, Tachen, etc., would also embrace preventing ChiNat attacks on the mainland and ship seizures, and it might end the embargo on Red China to the extent that it exceeds the restrictions against strategic goods to the Soviet Union.

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[2] Charter of the United Nations, signed at San Francisco June 26, 1945; for text, see *Treaties and Other International Agreements of the United States of America, 1776–1949*, compiled under the direction of Charles I. Bevans, vol. 3 (Washington, Government Printing Office, 1969), p. 1153; Department of State Treaty Series (TS) No. 993; or 59 Stat. 1031.

However, both Britain and Japan have put us on notice that they will seek this equalization, in any case. Also, the ChiNats are already counselled by the US to desist from attacking the mainland, now that the ChiComs have halted their assault.

5. A probable *ultimate* outcome of UN intervention, if the Soviet Union permitted it, would be the independence of Formosa and the Pescadores.

6. If the jurisdiction of the UN was rejected, or its recommendation vetoed by the Soviets or ChiComs, then the moral position of the free world against the Communist world would be reinstated, and military measures could be taken with a larger measure of moral sanction from the world community.

No. 293

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 214th Meeting of the National Security Council, Denver, September 12, 1954 [1]

[Extracts]

TOP SECRET EYES ONLY

Present at this meeting, held at Lowry Air Force Base, Denver, Colorado, were the following: The President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Attorney General; the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission; the Director, Federal Bureau of Investigation; the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; Robert Cutler, Special Assistant to the President; Robert R. Bowie, Department of State; Bryce Harlow, Administrative Assistant to the President; and the Executive Secretary, NSC.

Following is a summary of the discussion at the meeting and the main points taken.

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[1] Drafted by Lay on Sept. 13.

1. Report by the Secretary of State [2] (NSC 5429/1 [*2?*]) [3]

. . . . . .

Secretary Dulles then described his talks of about five hours with Chiang Kai-shek. The burden of the talks was a great plea by Chiang for a mutual security treaty with the United States. Chiang said that this was the basic reason why they felt isolated, since the U.S. had treaties with all of the other free nations in the area. Chiang realized that the reason the U.S. was concerned about a treaty was the possibility that the Chinese Nationalists would bring the U.S. into an effort to reconquer the mainland. Chiang said that they wished to do that themselves, with only U.S. logistic support, since in fact U.S. participation would be a liability from the Asiatic viewpoint. Chiang felt that the Chinese Nationalists had shown their willingness to cooperate with the U.S., particularly by obtaining U.S. approval for everything they did regarding the Chinese Communists. In fact, Chiang said that they had waited four days, before retaliating for the artillery shelling of Quemoy, in order to get U.S. approval. Admiral Radford said he doubted this was an accurate statement.

Secretary Dulles told Chiang that it was funny that when he was in the Philippines they had been upset because they weren't covered by the Seventh Fleet orders to protect Formosa. It seemed that everybody thought the other fellow was better off. Secretary Dulles suggested that Chiang think twice before changing the present situation under which U.S. operations regarding Formosa were covered by clear Executive order. If there were a security treaty he was not sure that the President would feel as free to take action. Secretary Dulles expressed to Chiang the belief that the Chinese Nationalists were better off for the time being the way they are. Secretary Dulles said he could not say that he had persuaded Chiang, but he thought he had aroused new considerations in his mind.

Secretary Dulles said that Chiang made no special plea for help regarding the offshore islands. Secretary Dulles knew that Chiang would like to have it, but thought he might have been afraid of being turned down, so he never asked.

Secretary Dulles had a feeling that Chiang was beginning to get tired and had aged considerably. He wondered whether Chiang still believes that he can reconquer the mainland. Chiang says so, but

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[2] The portions of Secretary Dulles' report not here printed concerned the Southeast Asia Collective Defense Treaty, signed at Manila on Sept. 8, 1954, and his conversations in Japan. For documentation concerning the treaty, see vol. XII, Part 1, pp. 852 ff.; for the text, see TIAS 3170 or 6 UST 81. For the portion of Dulles' report concerning Japan, see Document 801.

[3] See footnote 2, Document 256.

without the previous conviction. The President observed that Chiang's only hope was in a general uprising in China, for which Chiang would be called back, like Napoleon from Elba. Secretary Dulles commented there was no evidence that such an uprising would occur. He said that Chiang had applauded the Manila pact as a great achievement. Chiang thought the U.S. was doing better in Asia than in Europe. The President observed that Chiang had pointed out long ago that our future lay in the East, and was probably trying to prove it. Secretary Dulles said he had also explained to Chiang the principle underlying our redeployment in the Far East, and Chiang had made no criticism.

. . . . . .

2. Chinese Nationalist Offshore Islands (NSC Actions Nos. 1206–f and 1215; [4] NSC 5429/2; NSC 146/2, paragraphs 9–10)

General Cutler introduced the discussion by reading the current policy and indicating that he had briefed the President fully on the papers and discussion at the previous Council meeting on this subject.

Mr. Allen Dulles, with the aid of a map, gave a factual background briefing on the Quemoy situation, and read a new summary estimate by the Intelligence Advisory Committee. [5] Mr. Dulles pointed out that the IAC were still substantially in agreement except for dissents by the Assistant Chief of Staff, G–2.

Admiral Radford read large parts of a new Joint Chiefs of Staff paper [6] on the subject, particularly the views of the majority and the minority view of General Ridgway, together with Admiral Radford's own comments. Admiral Radford said that Admiral Stump (CINCPAC) had stated that the importance of the offshore islands to the defense of Formosa cannot be overemphasized, but he could not say that they were essential, although the loss of these islands would make the defense more difficult.

Secretary Dulles said that he had asked the question whether the islands were "substantially related" to the defense of Formosa because if they were essential then the loss of Quemoy would mean we would have to throw up our hands. His question was really to find out whether the President had Constitutional authority to take action regarding the offshore islands within the present orders to the Seventh Fleet. The President expressed the view, and the Attorney General agreed, that this was a pretty close question. Admiral Radford recalled that when he was CINCPAC the Joint

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[4] See footnote 15, Document 256, and footnote 14, Document 289.

[5] SNIE–100–4/1–54, Document 290.

[6] See the memorandum from Radford to Wilson and its attachments, Document 291.

Chiefs had questioned whether even Formosa was essential to the security of the United States.[7] The President said that they had then tried to make the case black or white, and that of course we would not desert the Pacific if we lost Formosa.

Secretary Wilson felt that the difference between the Joint Chiefs was largely one of degree. First, all of them agreed that if the Communists attack the offshore islands the Chinese Nationalists can't hold them without our help. Second, they agreed that we can't hold them without attacking the Chinese mainland. Secretary Wilson thought the choice was between the loss of morale resulting from the loss of the islands, and the danger of precipitating war with Communist China. The President observed that this was not just a danger but would constitute precipitating such a war.

Secretary Wilson said that with the situation resulting from the Indochina settlement, he questioned whether we should continue supporting Chiang in stirring up hell with Communist China. He thought that we should stick to our present policy. He sees a difference between the position regarding Formosa and the Pescadores, which were formerly Japanese, and the offshore islands, which are involved in finishing up the civil war in China. If we help defend the offshore islands he thinks it will result in war with Communist China more than do the Joint Chiefs. Wars with China are traditionally hard to stop. Communist China would constantly accuse us of expanding the war, and there would be continuing questions as to how far we had to expand it. Secretary Wilson felt that the Communist Chinese could accept substantial attrition of their forces and therefore force us to expand the war. In summary, he believed that we should know how we could end such a war before we started it.

The President supposed that when Formosa was occupied by the Chinese Nationalists, if they had not held the offshore islands he did not think that the defense of Formosa would be considered drastically different from what it is today. He thought that Quemoy was not really important except psychologically, which he agreed was an important question that had properly been brought up.

Admiral Radford said there are military factors relating to the offshore islands. Communications on that part of the China coast were traditionally by water, and the Chinese Nationalists on the off-shore islands interfered with such communications. If they had not, the Communist Chinese would have been able to build up air

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[7] Radford became CINCPAC in April 1949; the reference is presumably to a JCS memorandum of Aug. 17, 1949, to the Secretary of Defense, printed in *Foreign Relations*, 1949, vol. IX, p. 376.

forces in the Amoy area which might have kept us from our aerial reconnaissance. Moreover, we encouraged the Chinese Nationalists to hold the island. There were Americans there, and the troops were equipped and trained by the U.S. Admiral Radford thought that if we had not encouraged holding the islands, the one the Chinese Nationalists would probably have tried to hold would have been Quemoy, because Amoy is the best staging area for an attack on Formosa. Admiral Radford therefore felt that there were military reasons for holding the islands of considerable importance, and he reread Admiral Stump's views on the matter.

The Attorney General read excerpts from a memorandum [8] he had prepared on the Congressional attitude to Formosa defense, pointing out that the State Department in 1950 had indicated that the Seventh Fleet would protect only Formosa and the Pescadores. (This memorandum was subsequently circulated to the Council for information.)

The President said that there were a number of things to be considered. First, if the Communists, by making faces and raising hell, can tie down U.S. forces, they will use that device everywhere. He was personally against making too many promises to hold areas around the world and then having to stay there to defend them. In each crisis we should be able to consider what was in the best interests of the U.S. at that time. Secondly, if we are to have general war, he would prefer to have it with Russia, not China. Russia can help China fight us without getting involved itself, and he would "want to go to the head of the snake". If we get our prestige involved anywhere then we can't get out.

Admiral Radford said that the Joint Chiefs of Staff had not envisaged a stalemate situation with the U.S. forces tied down. If the Chinese Communists attacked the offshore islands we would use mostly our carriers which were in the area in normal training and rotation, provided we conducted adequate reconnaissance to be able to take care of the situation. He said that arrangements were in being whereby our forces could go down to that area and come back in case of attack. He did not feel that we would get into a general war with Communist China if we undertook to repulse attacks of the kind under consideration. On the other hand, if the Chinese Communists attacked again in Korea, we would be able to take out key communications and military targets in China and thereby tie up Communist China with the U.S. forces presently in the Far East. Admiral Radford felt that, from a military point of

[8] The memorandum, undated, was circulated to Council members with a Sept. 13 memorandum by Lay. (S/P–NSC files, lot 61 D 167, "Formosa, NSC 5441 and NSC 5503")

view, handling this kind of attack would not pin down U.S. forces provided we kept mobile forces available in the area.

General Cutler asked whether, if the Chinese Communists attack our carriers, we would not have to go into Communist China in retaliation. Admiral Radford expressed the belief that we could prevent the loss of the Tachens and the Matsu Islands without hitting Communist China, but could not defend Quemoy without an attack on the mainland. He believed that the minute we knew that the Chinese Communists were about to launch an air attack on Quemoy, we should go after the airfields in China from which they would launch such an attack.

The President said that to do that you would have to get Congressional authorization, since it would be war. If Congressional authorization were not obtained there would be logical grounds for impeachment. Whatever we do must be done in a Constitutional manner.

Admiral Radford said that all the Joint Chiefs of Staff agreed that we should not go into such a war with any arbitrary limitations on our forces. The President said he could not agree more.

Secretary Wilson said that the defense of the offshore islands would come closer to war with China than if we had tried to save Dien Bien Phu. The President commented that he was damned if he knew what effect such action would have on Britain and our other allies.

Mr. Stassen believed that the majority view of the Joint Chiefs was right. He said that in the Korean and Indochina settlements we had gone a long way to carry out the U.S. policy of trying to stabilize peace in the Far East. He thought the Communists were now trying to probe to see how tough we would be and to discount the Chinese Nationalists without a U.S. reaction. If we do not react there is not much chance of keeping the United Nations from voting in Communist China within a year, with all the deteriorating effects which will follow. If we show the Communists we are going to slap them down, we will be able to hold our position in the Far East. In answer to the President's comments, Mr. Stassen felt that if we need Congressional action we should undertake to get it. He thinks that what has happened in Europe is a reflection of the Indochina settlement. He believes we have a whole cycle of deterioration in the world situation, and we have got to show strength and determination. Moreover, by holding back we have not got closer to Britain and our other allies, but have just encouraged them more along their lines. Since Indochina the free world has taken no aggressive action, and it is clearly the Communist Chinese who have opened up with violence by their artillery bombardment of Quemoy. Mr. Stassen felt it was essential that when the

Communists were probing, we not back up. In addition, the whole world knows that we have been on those islands.

The President said that the Council must get one thing clear in their heads, and that is that they are talking about war. If we are to attack Communist China, he was firmly opposed to any holding back like we did in Korea. We have no authority to do this except by obtaining it from Congress. The President said that the policy proposed by the majority of the Joint Chiefs of Staff cannot be limited to Quemoy. We would also have to say that we would oppose any Communist advances in the rest of the world. He reiterated that the islands were only important psychologically.

Secretary Dulles expressed the hope that the Council would never have to make a more difficult decision. An overwhelming case can be made on either side. We can make a case that the Communists are probing and pushing to find out where we will stop, and that any sign of weakness will not make peace more likely, but that we will finally have to fight, possibly under less advantageous conditions. There are signs that the Indochina settlement gave the Chinese Communists their head. They have shown an aggressive policy against Formosa, both by their propaganda statements and their actions, such as at Quemoy. A powerful case can be made that unless we stop them, a Chinese Nationalist retreat from the islands would have disastrous consequences in Korea, Japan, Formosa, and the Philippines. Secretary Dulles said the other side was that to go to the defense of the offshore islands as they now stand would involve us in war with Communist China. Outside of Rhee and Chiang, the rest of the world would condemn us, as well as a substantial part of the U.S. people. The British fear atomic war and would not consider the reasons for our action to be justified. Possibly very few Americans would agree.

Secretary Dulles said this presented a horrible dilemma. He had thought of a possible course of action that was not yet considered and maybe should not be adopted yet pending further study. This would be to take the offshore island situation to the UN Security Council to obtain an injunction to maintain the *status quo,* on the theory that what the Communist Chinese were proclaiming was not directed only against Quemoy but also against Formosa. We could point out that such aggression will have certain definite and grave consequences. We would take it to the UN as an incipient aggression. The fact that the Communists would claim that this was civil war would not be effective, since they made the same claim in Korea and all the other UN nations disagreed. This could be presented under Article V of the UN Charter in order to prevent an aggravation of the world situation and to maintain the *status quo* pending further study.

Secretary Dulles said that we would benefit whether the Russians vetoed the action or not. If they vetoed it, then Communist China would be taking action against the will of the majority of the UN. Under those conditions there would be a totally different atmosphere regarding our allies and the American people. If the Soviets went along in the Security Council, this might be the beginning of a series of steps to stabilize the situation in the Far East. Moreover, we would not then face the loss of Quemoy. While the Chinese Nationalists might not be happy at such an injunction, Secretary Dulles thought they would like it better than being left alone to take a defeat.

Secretary Dulles said that this plan needs further analysis and study, since he had only thought of it while isolated from his staff on the plane. He thought it offered the possibility of avoiding going to war alone with the moral condemnation of the world or of having the effect of the loss of the islands on the defense of Formosa. This effect, while not strictly military, would nevertheless be that the land power on Formosa would collapse. It will be important to find out if the UK will go along with this plan. If so, it might mark the beginning of our coming together on the Far East. The question of the acceptance of the plan by Chiang would have to be considered.

Secretary Dulles thought it important that we not ignore the UN in this situation. It certainly is a situation which endangers the peace of the world. Moreover, if we find that the Soviets or the Chinese Communists defy the UN, there would be a totally different situation. Secretary Dulles felt that no final decision should be made today, either to go to the defense of the islands or not, until the consequences of his proposal had been studied. Secretary Dulles said that information he had obtained close to the horse's mouth was a feeling that as a result of the Chinese Nationalist reaction at Quemoy and the uncertainty as to U.S. action, we do not need to anticipate a critical situation regarding the offshore islands for some time. This, therefore, gives us more time to consider the question.

The President heartily endorsed having the study made proposed by Secretary Dulles. He wanted to feel out what the British might do. The President said that he did not know what we were pledged to do under the UN Charter if the UN directs members to take action. He noted that this was the basis on which President Truman went into Korea. The President thought it might not require Congressional authority if the UN directive was confined to the defense of the offshore islands.

Secretary Dulles expressed the view that if we act without Congress now we will not have anyone in the United States with us.

On the other hand, if we act under the UN we will not have to act without Congressional authorization or at least the agreement of the Congressional leaders. But under those conditions Secretary Dulles felt we could then get such authorization, which we could not get now. In answer to Mr. Flemming, Secretary Dulles said that the UN Assembly could act under the United Action Resolution which he had introduced, if the UN Security Council did not act.

Secretary Dulles said we must recognize that if we go to the UN we may lose some control of the situation as compared to acting independently. We would have to be satisfied that some countries, particularly the UK, would go along with us. We can say to the UK that if they are not willing to cooperate in the UN we may be forced to act alone. In that case Secretary Dulles believed that the UK would accept some form of *status quo.* Mr. Flemming expressed the view that we should go to the UN even if other nations do not agree.

The President said that he did not believe that we could put the proposition of going to war over with the American people at this time. The West Coast might agree, but his letters from the farm areas elsewhere constantly say don't send our boys to war. It will be a big job to explain to the American people the importance of these islands to U.S. security. Moreover, if we shuck the UN, and say we are going to be the world's policemen, we had better get ready to go to war, because we'll get it. The President said that while he was in general agreement with everything that had been said, we must enlist world support and the approval of the American people.

Mr. Stassen said that he agreed with the UN proposal by Secretary Dulles, but he wished to point out that this was inevitably tied up with our policy toward Communist China. If we are going to the UN we must figure out what ultimate settlement we are prepared to accept regarding China. The President commented that he had been working on that problem with the Secretary of State for weeks and months. Mr. Stassen said that he did not think we would alienate the American Congress and people if the President said that what we were doing was essential for our security. The President agreed, but said that we must be able to make a terrific case. Mr. Stassen expressed the view that war against Communist China does not necessarily mean general war. The President said that suggested a defensive attitude, and that if he was going to send our boys to war out there he would give them the right to go wherever the attack on them came from. The President said that we must recognize that Quemoy is not our ship. Letters to him con-

stantly say what do we care what happens to those yellow people out there?

The Vice President said that he shared the views of the majority of the Joint Chiefs of Staff regarding the psychological and political consequences of the loss of the offshore islands. If we decide not to do anything we must think of an alternative. One possibility would be to announce our decision, so that we do not get a black eye from the symbol of the loss. The other possibility is not to announce any decision, to keep the Communists guessing, but take a chance on the possible consequences. The Vice President thought the latter was the only practical choice. He did not think that the Chinese Nationalists would go along with evacuating the islands.

The Vice President felt that the UN proposal had a great deal in its favor. He cautioned, however, that early in his political life he had learned the maxim that you should never ask advice without being prepared to take the decision, even if it went against you. Secretary Dulles commented that he thought we could find out what would happen in the UN in advance. The Vice President remarked that the UN proposal puts not only the Communists on the spot, but also the UK, and he was in favor of that. Mr. Stassen observed that it puts us on the spot also.

The Vice President said that there was still considerable feeling in the United States that the UN had kept our boys from doing what should have been done in Korea, and he thought we should anticipate running into that type of criticism. Secretary Dulles agreed that there was a very vocal segment of the United States which was against the UN, but that all the polls indicated an overwhelming majority (about 75%) who were still for the UN. He thought that his proposal would be responsive to the real wishes of the American people that we exhaust all peaceful means before taking military action. The President reiterated that he thought we must be able to explain our actions to the American people. The Vice President said that we would be subject to criticism that this was becoming engaged in another war under UN auspices after the example of Korea. Secretary Dulles noted that this was not a proposal for another war, but rather to stop war from occurring. In answer to General Cutler, Secretary Dulles thought it would not be desirable to have the Chinese Nationalists bring this up in the UN since this would immediately involve the issue of Chinese representation in the UN.

The President stated that while the alternate proposals were under study he wished the military to take all appropriate precautionary measures and remain on the alert in order to be ready for action if we decided to take it. Secretary Dulles said that he thought during this period of study our general posture in the Far

East should be continued, particularly as exemplified by our reaction to the recent plane incidents and our naval visits to the Tachens.

The Vice President noted that this meeting had been blown up publicly throughout the world. He also noted that the Intelligence Advisory Committee had agreed that the Chinese Communists would probably not risk an attack if they were kept guessing as to possible U.S. reaction. He felt that if possible we should play poker in order to keep the Communists guessing. The President said that we should only indicate the meeting was to look at the situation in the Far East. General Cutler suggested, and the President agreed, that no statement regarding this meeting should be made by anyone other than the President. Secretary Dulles expressed the view that it would be disastrous if an impression was gained that a decision had been made either way. The President suggested that he might say on the following day that the meeting had been called because the Secretary of State had just gotten back from that troubled section of the Far East, that the Council discussed a number of things, but that everyone could be sure of one thing, and that is that the vital interests of the U.S. in that area will be protected, and if we think that those interests are in danger we will take appropriate action to help our friends out there.

The National Security Council: [9]

a. Discussed alternative courses of action available to the United States with respect to possible Chinese Communist attack upon the offshore islands held by the Chinese Nationalists, in the light of further briefings by the Director of Central Intelligence and the Chairman, Joint Chiefs of Staff, on the views of the Intelligence Advisory Committee and the Joint Chiefs of Staff, respectively.

b. Requested the Secretary of State promptly to explore and report back to the Council on the possibility and desirability of taking early action in the United Nations with a view to stabilizing the *status quo* with relation to the islands now held by the Chinese Nationalists, pending further study and determination of issues relating to Communist China; including in such exploration discussion with appropriate allies.

c. Pending further Council consideration, agreed that the Department of Defense should continue to take precautionary moves and remain on the alert in order to be ready to take whatever action may be decided upon in the event of Chinese Communist attack upon the islands held by the Chinese Nationalists.

d. Noted the President's directive that no public comment regarding this meeting should be made by any official other than the President.

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[9] The lettered subparagraphs constitute NSC Action No. 1224. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the National Security Council, 1954")

Note: The action in b above, as approved by the President, subsequently transmitted to the Secretary of State for implementation. The action in c above, as approved by the President, subsequently transmitted to the Secretary of Defense for implementation.

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JAMES S. LAY, JR.

No. 294

Rankin files, lot 66 D 84

The Ambassador in the Republic of China (Rankin) to the Director of the Office of Chinese Affairs (McConaughy)

SECRET
OFFICIAL–INFORMAL

TAIPEI, September 13, 1954.

DEAR WALTER: As you know, Secretary Dulles visited us for five hours on September 9. The time was very short, but the visit was extremely valuable nevertheless. I had no opportunity to see the Secretary alone, and such briefing as I was able to provide was limited to conversation in the presence of others while driving to and from the airport. What the Secretary was able to glean from the visit I cannot say, but the fact that he came here directly from the Manila Conference, together with the sympathetic and considerate attitude which he showed toward the Chinese at all times, served our cause in Formosa very well.

Details of the Secretary's schedule in Taipei, of his conversation with President Chiang, and of press, including editorial coverage, are being dealt with in separate communications. The present letter is intended to fill in certain gaps and for such limited distribution as you may find desirable.

The Secretary and Senator Smith rode with me from the airport to President Chiang's office and then to the President's house for luncheon. During the drive I told them that President Chiang had been asked not to stress the question of a bilateral treaty in the impending conversation—as subsequent experience proved, it would have been worse than futile to request that the matter not be raised at all—and that he had been given to understand that the Secretary's visit was too short for other than a broad discussion. I suggested that if the Secretary found occasion to proffer any general advice to Chiang, he might counsel patience—a Chinese virtue—in this complex Far Eastern situation, and as a corollary mention the importance of training young men and bringing them into public service. Regarding Kinmen, I suggested that the Secretary might wish to compliment the President on the resolute and

effective action which the Chinese Armed Forces were taking. I proposed that he then express the hope that these attacks on Communist territory would be continued no longer and over no wider an area than necessary for the actual defense to Kinmen.

The Secretary mentioned the Soviet tanker, *Tuapse*. . . . The entire subject of the Soviet tanker and its crew had been handled very largely outside normal Department and Embassy channels. . . . In the present case there was little to attract possible defectors; they would have no future worth mentioning on Formosa, and no one here was authorized to promise asylum in the United States. At this point the Secretary turned to Senator Smith with a smile and indicated that account had to be taken of Congressional legislation and of Senator McCarran [1] in particular.

The Secretary subsequently made no mention to President Chiang either of tapering off attacks on the Communists around Kinmen or of the Soviet tanker.

When we left the President's house to return to the airport, I asked Senator Smith and General Chase to exchange cars so that the latter could brief the Secretary on the military situation at Kinmen, which so far had been mentioned only incidentally. As a result, Chase and I were with the Secretary during a 35-minute drive to the airport. Chase gave him a full and rather optimistic description of the military situation, and added the recommendation that we announce our intention to help the Nationalists defend the offshore islands. I remarked that of course this would entail certain difficulties; for one thing some of the islands probably were indefensible militarily. I thought that it would be best simply to keep the Communists guessing and to give authority to United States military commanders to extend assistance wherever it was considered necessary and desirable (my telegram 153, September 5, 1954), most likely in the form of air support from carriers. General Chase added that naval gunfire also would constitute very valuable support under certain conditions.

Referring to what had been said in conversation with President Chiang about the scope of application of a bilateral treaty, I remarked to the Secretary that it should be possible to find a mutually satisfactory formula. For example, I thought that the treaty might specify only Formosa and the Pescadores by name, but could extend also, "subject to mutual agreement, to any territory which is now or may hereafter be under the control of the Government of the Republic of China". By "control" I meant *de facto* and, in our view of course, *de jure* as well.

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[1] Senator Patrick A. McCarran (D–Nevada).

After the Secretary's departure from Taipei, Foreign Minister Yeh expressed to me some concern over the former's reference to the present "Mission of the Seventh Fleet" having practical advantages over a formal bilateral treaty. I said that of course any instructions to the United States Armed Forces presumably would be governed by the provisions of a treaty, if one existed, but that whatever complications this might introduce, a treaty would not be something that could be reversed by the stroke of a pen. I did not foresee any reversal of United States policy in regard to Formosa, but I pointed out that the constitutional power of our President over the use of our Armed Forces was not too clearly defined. If, for example, the Korean War were officially ended, would the Seventh Fleet's mission be ended automatically?

I had no occasion to go more deeply into the question of the Soviet tanker and the offshore islands in conversation with the Secretary. You will recognize these as typical of the cases which cause us so much concern. As you know, the United States Government utilizes three principal channels in dealing with the Chinese Government: diplomatic, military and intelligence. This is by no means an ideal situation, but the complexities of our relationships with the Chinese are so great that some such division seems unavoidable. As a practical matter, well over 90 percent of American exchanges with the Chinese through military and intelligence channels involve no significant policy decisions and might be described as "technical". On occasion, however, whether by accident or design, questions of high policy are dealt with through these channels, while the Embassy not only is bypassed but is left in the dark as to where the Department stands and whether it is even aware of the question at hand.

Under the circumstances, the best we can do at this end is to keep our eyes and ears open, to cultivate the confidence of those representing other United States Government agencies, and to call to the Department's attention any development which seems to us of major significance no matter who appears to be handling it. Except when instructed to the contrary in specific cases, we shall continue to follow this course.

A corollary difficulty is well illustrated by the *Tuapse* case. Assuming that the United States Government really wants the Chinese to release the tanker, how are we to convince them of this? Our senior intelligence representative here quite naturally is not regarded by the Chinese as having authority in matters of policy, while our senior diplomatic and military representatives were bypassed at the outset in this case—as were also Admirals Radford and Carney, I am told—and therefore may be presumed to have nothing to do with the matter. As in the case of the troops in

Burma for so long, it therefore is taken for granted by the Chinese that representations made by the Embassy about the *Tuapse* are for the record only and do not represent the true wishes of the United States Government. I should not be surprised if a personal message from President Eisenhower to President Chiang would be required eventually in the present instance.

As regards the desirability of tapering off Nationalist attacks in the Amoy region as soon as enemy action permits, I believe you will agree that this is a matter which conceivably could represent the difference between a continuation of the present situation and the involvement of our country in open war with Red China. Last week, prior to the Secretary's arrival and entirely on my own initiative, I expressed to the Foreign Minister on two occasions my concern lest the Nationalist attacks be carried further than could be justified. He took up the matter with the Acting Chief of the General Staff, who remarked that he understood our military representatives to be taking quite a different stand. I then discussed the question with General Chase, and some two days after the Secretary's departure MAAG received instructions from Admiral Stump [2] to follow much the same line I had taken. Fortunately, our Government now seems to speak with one voice in this important case, although I have heard nothing from the Department.

I prepared the attached memorandum, [3] in telegraphese, for General Chase to transmit to Admiral Stump in reply to the latter's requests for a statement of Chinese commitments to the United States as regards offensive operations. Whether this request from the Admiral, and his instructions to Chase about operations against the Amoy area, were connected with the Secretary's stop in Honolulu, I do not know.

Best regards.

Sincerely yours,

K. L. RANKIN

[2] Presumably telegram 102044Z from CINCPAC to Chief MAAG Formosa, Sept. 10, 1954; see footnote 13, Document 301.

[3] Not printed.

No. 295

INR-NIE files

National Intelligence Estimate

SECRET
NIE–43–54

WASHINGTON, 14 September 1954.

PROBABLE DEVELOPMENTS IN TAIWAN THROUGH MID-1956 [1]

THE PROBLEM

To estimate probable developments with respect to the strength, stability, effectiveness, and policies of the National Government of the Republic of China through mid-1956.

ASSUMPTION

That US policy with respect to the National Government of the Republic of China and the scope and nature of US aid programs remain substantially unchanged during the period of this estimate.

CONCLUSIONS

1. The future fortunes of the Chinese National Government will be determined to a very large extent by US policy, and will depend increasingly upon the scale and character of US aid and support.

2. Should US aid continue at approximately present levels, the prospects of the National Government for maintaining domestic stability between now and mid-1956 appear good. Communist influence and subversion will probably continue to be vigorously suppressed, although sporadic cases of Communist infiltration and of defections may occur, particularly as time passes and there is growing disillusionment over prospects of a return to the mainland. Nationalist leadership will probably not succeed in creating any new and dynamic political program.

3. Although there will be some improvements, the fundamental economic weaknesses of Taiwan will probably become more acute by mid-1956. Because of a rising population and a leveling off of current expansion of industrial and agricultural production, Nationalist China by mid-1956 will probably be more dependent than at present upon US economic aid for its continued existence.

4. A return to the mainland will continue to be the central objective of the National Government and the focus of its foreign and domestic policies. The National Government will continue to believe that US support for such a return will not be likely unless

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[1] A note on the source text reads as follows: "Submitted by the Director of Central Intelligence. The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff. Concurred in by the Intelligence Advisory Committee on 14 September 1954. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G–2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant to the Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction."

and until other circumstances impel the US to engage Communist China or the Communist bloc in a major war. Nationalist leadership will almost certainly not become reconciled to an insular future, nor will it concentrate principally on the development of Taiwan.

5. The National Government will continue to seek long-range US commitments. It probably will be generally responsive to US advice on economic and administrative matters, but will continue to ignore or circumvent certain types of military changes suggested by the US.

6. The Chinese Nationalist armed forces remain an important source of non-Communist military strength in the Far East. During the period of this estimate their combat capabilities will appreciably improve. However, they will remain greatly outweighed by those of Soviet-aided Communist China. Outside logistic, air, and naval support will continue to be required to defend Taiwan or the Pescadores against full-scale Communist invasion.

7. Nationalist China's international position will continue gradually to deteriorate. A few foreign states will probably recognize the Chinese Communist regime during the period of this estimate, and Nationalist China's right to membership in international bodies, including the UN, will come under increasingly serious challenge. In the face of a deteriorating international position and unimproved prospects for return to the mainland, the National Government's task of maintaining its own morale and that of its armed forces and the former mainlanders on Taiwan will become increasingly difficult.

8. Heavy Communist pressure against Taiwan, including threats and military demonstrations, will almost certainly occur, as a means of dividing the US and other non-Communist states, furnishing the Peiping regime with a means of attracting additional domestic support, and, primarily, testing US intentions and discouraging long-range US commitments to the National Government. We believe that the Chinese Communists will not invade Taiwan or the Pescadores in force, because they probably believe that such actions would lead to war with the US, and that over the long run they can further their objectives with respect to the Chinese Nationalists by means not involving war. However, if the Chinese Communists should come to believe in the course of their tests of US intentions or otherwise that the US would not in fact defend Taiwan and the Pescadores, they would probably attempt to take over Taiwan by force.

9. Twelve million overseas Chinese are one of the few sources from which the Chinese Nationalists might draw additional support. However, little significantly increased support from among

the overseas Chinese will be forthcoming during the period of this estimate, largely because of the probable relative power of Communist China and Nationalist China during this period.

10. If, beyond the period of this estimate, the adverse trends described above are not reversed, the strength and international position of the Republic of China will probably deteriorate, even assuming a continuation of US support at approximately present levels.

DISCUSSION

I. Present Situation

11. In many respects, the National Government of the Republic of China is an anomaly. It continues to exist only because of US support. Its present degree of political stability, economic well-being, and international stature is chiefly due not to its own strength and effort, but to the fact that the US defends it, provides it with economic support, and sustains it in the world's councils.

12. The National Government continues to be acknowledged by a majority of the states of the world as the legal government of China, yet it controls only a few islands and its international position is being eroded by the growing power of Communist China. Nationalist China is an armed camp, maintaining a disproportionately large military establishment and focusing its resources and its purpose on an invasion of the continent. Yet its economy is incapable of supporting this military establishment, and its armed forces are not capable by themselves of undertaking the desired invasion or even successfully defending the territories they now hold. There is no immediately visible prospect that its hope for an early return to the mainland will materialize; meanwhile its armed forces grow older day by day. It is supported by the US, yet the US has not to date underwritten its long-range aspirations. It is staunchly anti-Communist, yet it is an important source of dissension in the non-Communist world.

13. The National Government is superimposed upon a native Taiwanese population from which its interests often diverge, and which outnumbers the mainlanders eight million to two million. The National Government claims to speak for the Chinese people everywhere, yet its leadership and political programs have not attracted significant support from among mainland or overseas Chinese, and the Taiwanese, themselves of Chinese descent, have no effective voice in the determination of national policies.

14. Within the context of these considerations and due in large measure to US aid and advice, certain improvements on Taiwan have been achieved. Taiwan's economy, though weak, is in better condition than at any time since 1949. Improvements have been

made in political stability, administrative efficiency, and Chinese-Taiwanese relations. Nationalist China is making generally effective use of US military aid, and steady improvement is being made in the capabilities of its armed forces. Most importantly, Nationalist China's continued existence constitutes a constant military threat to Communist China, and contests the Peiping regime's claims to legitimacy.

Nationalist China's Objectives and Strategy

15. Nationalist China's primary objective is to return to the mainland and recover power from the Chinese Communist regime. Nationalist leaders feel that to renounce this objective would be to accept as final and absolute the destruction of Chinese society and culture by alien and barbarian forces. This objective underlies all of Nationalist China's policy considerations and behavior, Generalissimo Chiang Kai-shek is himself dedicated to this aim, and it is held in greater or lesser measure by all members of the National Government. However, though continuing to call for an early invasion, Chiang and his government probably consider that US support for a return to the mainland is not likely unless and until other circumstances impel the US to engage Communist China or the Communist bloc in a major war.

16. Until such time as an invasion of the mainland can be realized, the principal interim objectives governing the domestic and foreign policies of Nationalist China appear to be: to preserve its existence and its identity as the legal government of China; to develop a Chinese state on Taiwan which will become an increasingly strong and attractive anti-Communist base; to stimulate and participate in collective defense pact arrangements in Asia, and to obtain a long-term and binding commitment of US support.

17. Chiang and the Chinese Government have long held that the mainland was lost largely because US support was withdrawn from them. They have been dissatisfied with what they believe to be a too restricted mission for the US/MAAG on Taiwan, and too limited US commitments to Taiwan. Over the last year these dissatisfactions on the part of the Chinese Government, as it has witnessed Asian developments, have almost certainly created a sense of uncertainty as to ultimate US intentions with respect to Taiwan. In the Chinese view, the US should give more concrete evidence of long-term support for China than it has done thus far, i.e., it should conclude a mutual defense pact.

18. To this end, the National Government is currently endeavoring to be included in a regional security system in the Far East. It strongly fears that any system excluding Nationalist China would compete with Taiwan for US military aid.

19. The 12 million overseas Chinese are one of the few sources from which the Chinese Nationalists might draw additional support. However, Nationalist China's efforts to gain increased support from among them have thus far met with only indifferent results. Considerable revulsion against Communist China has occurred among the overseas Chinese in recent years, but this increased anti-Communist sentiment has not to date resulted in any equivalent or even substantial growth in support for the Nationalist cause. Many overseas Chinese are disillusioned with Communist China, yet they continue to view the National Government as defeated and discredited, as not offering any significantly new and attractive political program, and as very unlikely to re-establish itself on the continent. The overseas Chinese are watching the fortunes of Taipei and Peiping, and for the most part have not as yet overtly committed themselves to either camp.

20. Chinese Nationalist prospects for gaining support in the international field have been adversely affected by world trends and events of the past year. In particular, the growth in Chinese Communist power and prestige and the growing sentiment in Asia and Europe for dealing with the Peiping regime have served still further to isolate the National Government.

Internal Situation

21. The Nationalist leaders continue to focus their energies upon a return to the mainland, and accordingly consider that their military and political policies should be designed not to achieve the greatest immediate efficiency or to attract wide popular support, but to prepare for eventual extension of Nationalist control to all China. They also realize that Nationalist China's own capabilities are too modest to accomplish a return to the mainland and that US support and participation will be necessary, but they are uncertain as to whether the US intends ultimately to underwrite such an undertaking, and in addition are uncertain as to what role the US desires Nationalist China to play in Asia in the meantime. As a result, Taipei appears to be meeting its many problems by such compromises and interim policies as it considers best designed to satisfy present requirements, without sacrificing future possibilities.

22. *Political Situation.* The Chinese national constitution, adopted in 1946, provides for a representative republican government. In theory, the highest government body is the popularly elected, 3,000-member National Assembly. This body does not legislate but meets at least once every six years to elect the President and Vice President. It also has the power to amend the constitution. In practice, the National Assembly has served as a rubberstamp for the Nationalist Party leadership. Normal functions of government are

vested by the constitution in the five councils or Yuan (Legislative, Executive, Judicial, Control, and Examination) which comprise the Central Government.

23. However, Nationalist China is in essence a one-party state; authority is centralized in the hands of a few, and ultimate political power resides in the hands of the leader of the Kuomintang Party and head of the government, Chiang Kai-shek. He continues to dominate Nationalist China through his legal authority, his prestige, and the personal loyalty of key personages in the government.

24. The Generalissimo dominates the political scene not so much through direct fiat as through indirection and skillful balancing of personalities and cliques within the government. His traditional and skillful practice of divide-and-rule is probably responsible in large measure for Taiwan's present degree of political stability. At the same time Chiang's methods are largely responsible for such continuing Nationalist shortcomings as the retention of incompetents in high positions, a general failure to delegate authority to subordinate political and military officials, and factionalism within the ruling circles.

25. The struggle among traditional mainland factions for political influence has persisted, but political rivalry centers at present chiefly around Vice President Ch'en Ch'eng and the Generalissimo's Moscow-educated elder son, Chiang Ching-kuo. The power of these two figures is believed to be approximately equal at the present time. Chiang Kai-shek has thus far appeared to keep the influence of his son and of Ch'en in balance.

26. Antipathy is not strong at present between the native Taiwanese and the Chinese mainlanders on Taiwan. Earlier native bitterness has abated, owing in part to the improvement of Nationalist administration, some increase in Taiwanese participation in local government, and a general lack of sympathy among the native islanders for Communist China. However, Taiwanese resentments remain. In short, the native islanders tolerate the National Government and wish it every success in its efforts to return to the mainland.

27. Within the foregoing limitations, the National Government has made administrative and political advances on Taiwan. Communist activity and influence have been reduced to negligible proportions. With US assistance and advice, there has been some degree of progress in expanding public services, improving educational opportunities, simplifying government structure, expanding local self-government, and lessening corruption. Police actions have grown less arbitrary, and court procedures have slowly improved. The Kuomintang Party has cleansed itself of many unreliable ele-

ments, has broadened its popular base, and has become more responsive to public opinion. Some freedom of expression is permitted, provided it is circumspect in its treatment of fundamental policies and key officials.

28. *Economic Situation.* Owing to wartime and postwar dislocations, Taiwan no longer has a viable economy. Between 1895 and 1940 the Japanese integrated the Taiwanese economy with that of Japan and raised the productivity of the island in selected economic sectors to a high level through large-scale investment programs. This process of economic expansion was interrupted between 1940 and 1945 as a result of wartime destruction and military priorities. Since 1945, economic development of the island has been largely neglected because of the National Government's preoccupation with political and military affairs. At the same time, the population, which had doubled between 1895 and 1940, increased by 75 percent between 1940 and 1954, partly because of a high annual natural increase, and partly because of an influx of two million mainland Chinese. With little rise in total output during this latter period, per capita output has declined sharply, and resistance by the Taiwanese population to reductions in the standard of living has greatly limited the margin of total output which can be mobilized for nonconsumption purposes. Gross investment has been little more than adequate for replacement capital and clearly insufficient to arrest the long-term decline in productivity.

29. Taiwan's economy is basically agrarian, with nearly 60 percent of the population engaged in agriculture, while only about five percent are engaged in industry. About two million acres are under cultivation of which 62 percent is irrigated, and the farm land is close to its cultivable and irrigable limits. The prospects for agricultural expansion are therefore limited and lie primarily in the development of more intensive techniques of cultivation. Undeveloped resources outside of agriculture are also limited. The sparsely inhabited, mountainous interior contains some potential timber and grazing resources, and the waters around Taiwan contain excellent untapped fishing resources. Known mineral resources are meager, although coal production meets the island's current needs and could be expanded to support a growth in industry. Water power potential is considerable, and Formosa could greatly expand its hydroelectric facilities. The development of any of these resources, however, would require heavy initial investments.

30. The National Government has not seriously attacked its long-term economic problems, partly because of its preoccupation with immediate problems and partly because of its unwillingness to accept the prospect of a long exile on Taiwan. There has been no real attempt to institute a program of economic expansion whether

by state or private interest. Government enterprises, which account for two-thirds of all activity in industry, mining, and transport, have in many instances operated at a loss, even though subsidized by the government, because these enterprises have padded their payrolls to provide employment for mainland refugees. Moreover, they have not developed uniform and reliable accounting techniques which would establish standards of efficiency and productivity. The government itself has failed to maintain reliable and comprehensive compilations of resource data on which to base a sound program of economic expansion. Domestic private investors have received no real encouragement, while foreign private investment has been limited by legal provisions, which discriminate against and severely restrict the activities of foreign firms. Moreover, in its efforts to control inflationary pressures the government has followed financial policies which tended to decrease production. Export industries have been hampered by the government's maintenance of an artificially high exchange rate. The prices of farm products have also been held at an artificially low level in order to limit the rise in the urban cost of living and to hold down raw material costs. These policies have discouraged investment in agriculture and have reduced farm marketing. Increased farm consumption of rice is mainly responsible for the current low level of export surpluses despite record crops.*

31. In spite of these shortcomings, the economic situation, with US assistance, † has substantially improved, as compared with the

		1938	1950	1951	1952	1953
**Exports* (f.o.b.)	Million US$	130	93	93	120	130
Sugar	" "	54	74	50	70	90
Rice	" "	36	3	15	23	11
Tea	" "	3	3	7	6	7
Imports (c.i.f.)	" "	104	132	151	222	199
US-financed nonmilitary aid goods	" "	—	19	61	92	83
Trade balance	" "	26	−39	−58	−102	−69

Foreign exchange earnings, January–May 1954, were five percent below earnings in the corresponding period of 1953. [Footnote in the source text.]

† Deliveries of US aid goods, exclusive of military supplies, in 1953 totalled US $83 million, amounting to 38 percent of Taiwan's receipts of goods and services from abroad, and, if converted at the average black market foreign exchange rate, equalling 62 percent of the net revenues of all levels of government. [Footnote in the source text.]

chaos of 1949. Between 1949 and 1953 industrial output increased from 74 percent to 140 percent of the 1941 level, while agricultural output rose from less than 80 percent to 93 percent of the 1935–1939 level. Effective budgetary controls have halted the growth in government expenditures and permitted a reduction of budgetary deficits, even though government receipts exclusive of US aid did not rise in real terms between 1950 and 1953. With the diversion of the increased output to consumption and the reduction of budgetary deficits, inflationary pressures have been eased. Recent Nationalist foreign investment legislation, and pending legislation reducing business income taxes may increase production and stimulate foreign and domestic capital investment in industrial undertakings on Taiwan.

Military Situation

32. *Army.* The present total strength of the Nationalist ground forces is 422,000, organized as follows:

Ministry of National Defense (H.Q. Staff)		32,000
Combined Service Force (a separate service for logistical support)		45,000
Combat Forces		345,000
eight corps (24 infantry divs.)	280,000	
armored units (2 armored divs.)	23,000	
fortress commands	4,000	
officer combat regiments	15,000	
in training	15,000	
Defense Command H.Q.	4,000	
GHQ troops	4,000	
Total		422,000

However, about 17 percent of the above combat forces are unfit for duty, thus leaving about 285,000 effective combat troops.

33. The army's effectiveness is impaired by a failure of the highest command echelons to delegate authority and by a political officer system which interferes with command functions but has not resulted in infusing a great amount of political zeal in the army. The MAAG is attempting to overcome these problems through a gradual reorganization of army forces, instruction in US military staff methods, and new agreements designed to modify the functions and operation of the political officers. The MAAG's task in this respect is difficult, however, for these proposed changes impinge upon certain of President Chiang's most strongly held desires: to maintain a tight grip on the army command, not to delegate authority, and to maintain a political officer system outside of the normal chain of command charged with the duties of political indoctrination, surveillance, and enforcing loyalty to himself.

34. The army is also hampered by an ineffective logistical organization which at present would be unable to provide continuing support to the fighting units if there were an invasion of Taiwan. The reorganization now in process includes measures designed to take control of supplies in the field away from the Combined Service Forces, long the most inept branch of the military establishment, and give it to the army commanders. MAAG is also attempting to overcome another major problem, that of static and unsound Nationalist concept for the defense of Taiwan.

35. An increasingly important problem facing the Nationalist Army is that of manpower. There is a continuing personnel shortage in combat units, even though almost 35,000 Chinese troops from Korea, Indochina, and Burma have been integrated into the army in the past year. Because the Nationalists have created an army force base larger than they can maintain under their present manpower system, most combat units are greatly understrength. The army is essentially static, with little influx of young men, and little or no present provision for enlistments or conscription.

36. The principal reservoir of manpower is the native Taiwanese population. Twelve to fourteen thousand Taiwanese were drafted in 1951 and served for two years, but no further increments were conscripted. Instead, a short-term reserve training program was instituted. To date, some 70,000 young men, about 85 percent of whom are Taiwanese, have been given this four months' training. The Taiwanese youths have demonstrated a willingness to serve and an aptitude for certain technical duties. However, their training has been largely superficial, and very few have been absorbed into the regular forces or developed as NCO's. The National Government's reluctance to make fuller military use of Taiwanese manpower is probably due to a number of factors: a certain distrust of the native populations; unwillingness to attempt to finance more than the total manpower presently carried on the military establishment rolls; reluctance, for political and military reasons, to retire overage, disabled or ineffective personnel and thus make room for Taiwanese youth; and uncertainty as to the Nationalist military and political future. Thus, while the National Government continues its present manpower policies, the attrition of age goes on unchecked.

37. Despite the foregoing limitations, progress is being achieved in raising the level of combat efficiency of the Nationalist Army. Leadership at the lower levels is improving steadily. Units up to and including regimental size are well organized and generally well trained. All infantry units have completed exercises at regimental level; some have received training at division level; and a few have had amphibious, mountain, or other specialized training. The troops are well-equipped with small arms (excepting carbines)

and crew-served weapons, and are capable of using them effectively. Troop morale is considered satisfactory. Based on status of personnel, equipment, training, and quality of leadership, MAAG rates infantry units at approximately 50 percent combat effective.

38. *Navy.* The personnel strength of the Nationalist naval establishment totals about 42,920:

Navy		27,925
officers	7,325 of whom 1,900 are afloat	
enlisted men	20,600 of whom 12,000 are afloat	
Marine Corps (organized in two brigades and a security regiment)		14,995
officers	1,895	
enlisted men	13,100	
Total		42,920

The navy includes three destroyers (two ex-US, one ex-Japanese), six destroyer escorts, and 38 other patrol-type vessels, nine mine vessels, 35 amphibious vessels, and 18 auxiliaries—all of which are active. There is no naval air arm, nor is there any indication that one will be created in the near future.

39. The navy's operating forces do not carry out their assignments effectively, shipboard maintenance is neglected, and the Nationalist naval planners continue to ignore the importance of practical training, particularly underway training. With the exception of the destroyer types, the navy's general state of training is fair to poor by USN standards. Most importantly, the Nationalist Navy's effectiveness has been impaired by poor leadership. Nationalist personnel policies with respect to the navy have resulted in the promotion of incompetents and the frequent by-passing of the chain of command. As a result, the lack of responsibility and authority hamstrings the navy at all levels, and morale is only fair.

40. Nevertheless, improvements in the navy's efficiency have been made. The navy is presently superior in number, and in quality and type of ships, to the Chinese Communist Navy. It also has certain capabilities such as ocean patrol and surface interception, not possessed by the Chinese Communist Navy. ‡ It has displayed a somewhat increased combat aggressiveness in recent small encounters with the Chinese Communists. The development and training

‡ The possible recent acquisition by the Chinese Communist Navy of two-three Soviet long-range submarines, now at Tsingtao, would introduce a new problem for the Nationalist Navy, whose ASW capability is estimated to be poor to fair. [Footnote in the source text.]

of the Marine Corps has progressed satisfactorily, and some units are now suitable for use as assault troops. The recent appointment of a new, capable naval chief may signal a Nationalist determination to remedy some of the main defects of the naval establishment.

41. *Air Force.* The personnel strength of the Nationalist Air Force is 69,000 officers and men, including 11,580 personnel of the AAA Command which is manned by army troops, though assigned to and under the operational control of the air force. The air force has 825 aircraft, approximately 385 of which are combat types; of these types, 92 are jet aircraft (84 F–84G's, and 8T–33's).

42. The equipment, morale, and leadership of the Nationalist Air Force are probably all superior to those of the Nationalist Army or Navy, and it suffers from fewer of the problems that beset its sister services. The F–84 equipped fighter-bomber group is still in a training status but does have some combat value. The remaining groups, equipped with piston engine aircraft, are on the average approximately 45 percent combat effective.

43. Although the Nationalist Air Force is the strongest air force of any non-Communist East Asian country, it is far weaker than the Chinese Communist Air Force. Except for one group recently equipped with jet fighter-bombers, Nationalist aircraft are largely obsolescent. Inadequate or obsolescent equipment is also responsible, in part, for poor communications, inadequate early-warning capabilities, and for low proficiency in night and instrument flying.

44. *Guerrilla Forces.* There are several thousand Nationalist guerrillas on the offshore islands, the majority of whom are US-trained and equipped. At present, organized guerrilla groups on the China mainland are few, small, and generally unimportant in spite of some minor local successes.

45. *Over-all Military Capabilities.* Despite the gradual increases which have taken place in the combat capabilities of Nationalist ground, air, and naval forces over the past several years, Nationalist capabilities are far outweighed by those of Communist China. If the Nationalists chose to defend the offshore islands, they could probably make Communist assaults on these islands costly, but they probably could not, unassisted, hold them if the Chinese Communists were willing to commit the ground, air, and naval forces that they have available. § Without outside logistical, naval, and air support, the Nationalists would almost certainly not be able to

§ See paragraph 7 of SNIE 100–4–54. "The Situation With Respect to Certain Islands off the Coast of Mainland China," dated 4 September 1954. [Footnote in the source text. See Document 276.]

defend Taiwan against large-scale Communist air attacks or invasion.

46. Offensively, the Nationalists presently have the capability to interdict a part of the coastal traffic through the Formosa Straits; seize unescorted merchant vessels in the Luzon Straits; commit aircraft in tactical bombardment, amphibious support, airlift, and paradrop missions; conduct guerrilla raids; and conduct periodic raids with regular troops against the coastal provinces in up to regimental strength. They are not presently capable of attempting an invasion of the mainland without considerable outside logistic, air, and naval support.

II. Probable Developments

47. The future fortunes of the Chinese National Government will be determined to a very large extent by US policy, and will depend increasingly upon the scale and character of US aid and support. The National Government's ability to defend Taiwan against attack and to maintain domestic stability will be contingent upon a continued flow of US military and economic aid, and its ability to maintain its international position, including its place in the UN, will depend largely on US diplomatic support. Withdrawal or considerable reduction of US support would jeopardize the National Government.

48. Should US aid continue at approximately present levels, the prospects of the National Government for maintaining domestic stability over the short term between now and mid-1956 appear good. However, the continued focusing of primary governmental efforts on military defense and expansion will probably detract from the government's ability to remedy basic economic weaknesses and create a self-sufficient economic base. Consequently, during the period of this estimate, serious economic weaknesses will remain. Moreover, the international position of the National Government will continue gradually to deteriorate. In the face of a deteriorating international position and unimproved prospects for return to the mainland, the National Government's task of maintaining its own morale and that of its armed forces and the former mainlanders on Taiwan will become increasingly difficult.

Foreign Affairs

49. During the period of this estimate, a few foreign states now recognizing the National Government will probably recognize the Peiping regime, making it increasingly difficult for the National Government to maintain its claim as the legal government of China. Its right to membership in international bodies, including the UN, will come under increasingly serious challenge during the period of this estimate, possibly to the point where Peiping can

gain the support of the majority of UN members for the seating of its delegation in the General Assembly. The Chinese Nationalists, however, will still be able to exercise their veto over any expulsion move in the Security Council.

50. Nationalist China's security and international standing will continue to be menaced by Communist China. Peiping holds that Nationalist occupation of Taiwan is an infringement of Chinese Communist sovereignty, and that the Communist revolution cannot be completed in China until Taiwan has been "liberated" and the National Government deposed. At the present time, external Communist pressure against the National Government has intensified. The means employed include propaganda, diplomatic effort, threats, and military demonstrations. This pressure will almost certainly continue as a means of dividing the US and other non-Communist states, furnishing the Peiping regime with a means of attracting additional domestic support, and, primarily, testing US intentions and discourabing long-range US commitments to the National Government. We believe that the Chinese Communists will not invade Taiwan or the Pescadores in force, because they probably believe that such actions would lead to war with the US, and that over the long run they can further their objectives with respect to the Chinese Nationalists by means not involving war. However, if the Chinese Communists should come to believe in the course of their tests of US intentions or otherwise that the US would not in fact defend Taiwan and the Pescadores, they would probably attempt to take over Taiwan by force.

51. A return to the mainland will continue to be the central objective of the National Government and the focus of its foreign and domestic policies, despite Nationalist appreciation that the chances of an early return are remote. However, during the period of this estimate, Nationalist leadership will almost certainly not become reconciled to an insular future, nor will it concentrate principally on the development of Taiwan. It will continue to concentrate its efforts on military matters, hoping to return to the mainland in the wake of a future US-Communist Chinese war.

52. Because of its basic dependence on US aid, the National Government will continue to be oriented toward the US throughout the period of this estimate. Taipei will continue to seek additional US commitments, in particular the conclusion of a mutual security pact and the extension of US defense commitments to include the Nationalist-held offshore islands. The National Government will consider that Taiwan's strategic importance to the US has increased as a result of recent developments concerning Indochina. It will attempt to use Taiwan's strategic importance as a lever with which to gain increased US aid and commitments, especially if the

non-Communist position in the Far East suffers further setbacks during the period of this estimate.

53. As long as the US does not reduce materially its present commitments to Taiwan, the Government of Nationalist China will probably not undertake major military or diplomatic moves without US endorsement and assurances of support. However, it will retain a considerable capability for independent action and will stubbornly resist such US suggestions as it considers prejudicial to its interests. It will continue to respond to US advice about as at present, i.e., it will generally respond on economic and administrative matters, but will tend to ignore or circumvent certain types of military changes suggested by the US.

54. Nationalist China will probably wish to be included in any regional security system organized by the US in the Far East. While attempting to maintain friendly relations with Japan, the Nationalists will begrudge any US support to Japan which appears to them to divert aid from Taiwan. They will also remain apprehensive of the possible ascendency of Japanese leadership among non-Communist countries in Asia or of any significant improvement in the relations between Japan and Communist China.

55. Little significantly increased support of the National Government from among the overseas Chinese will be forthcoming during the period of this estimate, largely because of the probable relative power of Communist China and Nationalist China during this period.

56. If the National Government should come to believe during the period of this estimate that US support were being withdrawn or greatly reduced, it would probably consider that its interests and those of the US were becoming increasingly divergent. This might be reflected in more intemperate behavior, and could conceivably cause Taipei to take steps in the hope of involving the US and Communist China in full-scale war.

Domestic Development

57. The general political picture during the period under consideration will probably remain fairly static. The National Government will continue to give its military programs dominant consideration, thus detracting from its ability to remedy basic economic weaknesses and to create a self-supporting economic base. Although some shifts in governmental personnel may occur, the central government leadership will probably continue to be drawn from the group of Kuomintang leaders who have been prominent since 1949. Politically the government will be handicapped by the narrow range of policy choices and the predispositions of its leaders. While personal rivalries may persist, efforts will be made to present an outward display of unity and solidarity, and intraparty

factions are unlikely to become a serious threat to party unity or governmental stability.

58. The National Government will almost certainly be able to maintain political stability on Taiwan. Existing political controls are sufficiently strong to maintain order and security. Communist influence and subversion will probably continue to be vigorously suppressed, although sporadic cases of Communist infiltration and of defections may occur, particularly as time passes and there is growing disillusionment over prospects of a return to the mainland. Serious friction will probably not develop between the government and the local Taiwanese population, and some improvement in relations may occur.

59. During the period of this estimate the National Government will almost certainly continue to operate within the framework of the present constitution. Elective processes may be further extended, but will probably not be carried to the point where the top posts in the provincial government become elective. Further efforts may be made to include Taiwanese in government, at least at the local level, but it is doubtful that they will gain real influence at the national level. While progress toward a more democratic form of government may be made, Nationalist China will probably remain in essence a one-party state, with power concentrated in the Kuomintang elite, and authority flowing downward through party channels. Nationalist leadership will probably not succeed in creating any new and dynamic political program.

60. President Chiang Kai-shek will remain the dominant figure in party and government affairs because of his prestige, his legal authority, and his skillful employment of divide-and-rule tactics. Should the presidency become vacant during the period of this estimate, we believe that Ch'en Ch'eng, who, as Vice President, is next in line of succession under the constitution, would come to power. This transfer of power would probably be achieved with an outward show of order, but there would almost certainly be considerable maneuvering for power behind the scenes, and personal rivalries among Nationalist leaders would in general become more acute. Chiang Ching-kuo would remain a very powerful figure, but would probably play essentially a waiting game, expecting ultimately to gain supreme power.

61. Although some economic improvements can be anticipated, the fundamental economic weaknesses of Taiwan will probably become more acute by mid-1956. Given a continuation of the present level of US aid and the current military commitments of the Chinese Government, the present precarious economic stability will be maintained, but there will be no improvement in Taiwan's capabilities for becoming economically self-supporting. The popula-

tion will probably expand by roughly five percent, or half a million persons. At the same time the current expansion of industrial production will level off, though probably retaining sufficient momentum to prevent any substantial decline in living standards. However, expanded food requirements and a leveling off of agricultural output will probably force a reduction in agricultural exports, adversely affecting the foreign trade position. By mid-1956 the National Government will probably be more, rather than less, dependent upon US economic aid for its continued existence.

Military Affairs

62. Most of the serious problems presently limiting the effectiveness of Nationalist armed forces will remain. The Nationalists will probably continue reluctant to make the basic changes which are necessary to improve present deficiencies in the command structure, in military personnel policies, or in the concept of the utilization of forces in the defense of Taiwan.

63. The Nationalists will probably continue their present policies with respect to Taiwanese manpower. They will give Taiwanese youths a short reserve training course, but will not absorb them into the regular armed forces. These policies will not materially arrest the attrition of age. There are enough physically fit native Taiwanese of military age who could substantially improve the effectiveness of the armed forces for the defense of Taiwan, since they probably would fight if the island were invaded. However, Taiwanese willingness to fight to recover the mainland would be uncertain.

64. Scheduled training, reorganization of the Nationalist military establishment and of combat units, reorganization of the logistical system, and receipt of programmed aid material and equipment will result in appreciable improvement in the combat capabilities of the Chinese Nationalist forces. There will probably be gradual improvement in the matériel condition and operational efficiency of the Navy, and, with additional equipment and improved logistic support, the Marine Corps will increase its present capabilities. Two jet fighter-bomber groups and one jet interceptor group should be operational by mid-1956. GCI and early-warning capabilities should improve fairly rapidly over the next two years. The Chinese Nationalists armed forces will remain an important source of non-Communist military strength in the Far East.

65. However, Chinese Nationalist military capabilities will remain greatly outweighed by those of Soviet-aided Communist China throughout the period of this estimate, even though substantial improvements take place in the Nationalist armed forces. Outside logistic, air, and naval support will continue to be required to defend Taiwan or the Pescadores against Communist attack. Na-

tionalist strength will continue inadequate to defend the offshore islands against determined Communist attacks. It is possible that the Nationalists will develop the capability to conduct division-size raids against the mainland within the period of this estimate. However, any invasion effort in larger strength against the mainland would continue to require outside logistic, air, and naval support.

Outlook Beyond Mid-1956

66. If, in the longer run, the adverse trends described above are not reversed, the strength and international position of the Republic of China will probably deteriorate, even assuming a continuation of US support at approximately present levels. If the present configuration of the cold war continues generally unchanged, more of the governments of the world will in time probably come to acknowledge the Peiping regime as the legal government of China, virtually isolating the National Government diplomatically. This situation, coupled with a diminishing possibility of return to the mainland, and with continuing concentration by its leaders on military affairs rather than domestic improvements, will in time undermine Nationalist China's morale, economy, and political stability. Moreover, these trends of deterioration, foreign and domestic, will probably be accelerated with the aging of the army, due to become critical several years from now, and with the eventual passing of Chiang Kai-shek and other senior leaders who provide links with the past and inspiration and hope for the future. Thus a greatly weakened Republic of China will in time probably be reduced either to an aspirant for control of China, largely discarded by the world, or to a modest republic of the island of Taiwan.

[Here follows a map, not reproduced, of Taiwan and adjacent areas.]

No. 296

CA files, lot 59 D 110, "U.S. Aid to Nationalist China, 1954"

Memorandum of Conversation, by the Acting Director of the Office of Chinese Affairs (Martin) [1]

SECRET [WASHINGTON,] September 17, 1954.

Subject: Understanding With GRC on Defense of Formosa

Participants: Rear Admiral T.J. Hedding, USN, Deputy Director for Strategic Plans

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[1] On the ribbon copy of this memorandum, the date has been changed by hand to Sept. 16. (120.290/9–1654). A carbon copy is the source text because one page of the ribbon copy is missing.

Everett F. Drumright, Deputy Assistant Secretary for FE

Edwin W. Martin, Acting Director for CA

Admiral Hedding called on Mr. Drumright this morning to discuss a statement contained in a memorandum prepared by the Chinese Goevernment entitled "Answers to Questions Raised by the Van Fleet Mission" (revised version), [2] which Mr. Robertson had taken up with Admiral Radford. The statement in question appears on page I–3 of the Chinese memorandum and reads as follows:

"b. The U.S. forces will not participate in preventive attacks to be launched by the GRC forces against the mainland coast while the Communists are staging an invasion on Taiwan, nor in attacks on the sea against the Communist navy and convoys sailing toward Taiwan."

After handing Mr. Drumright a copy of a memorandum which he had prepared for Admiral Radford on this subject, [3] Admiral Hedding read from his own record of the conferences which he had held with the Chinese Ministry of National Defense in May 1953 [4] in pursuance of a CINCPAC directive to coordinate plans with the Chinese Government for defense of Taiwan. While it was agreed between the two sides that defense of Taiwan must include "retaliatory action against the mainland of China by both U.S. and Chinese forces", it was made clear by the U.S. side that such retaliatory action by U.S. forces would be as directed by the U.S. Joint Chiefs of Staff. Moreover, it was understood that U.S. forces were not authorized to attack concentrations of Communist land, sea and air forces preparing for an attack on Formosa, although it was explained that CINCPAC intended to ask the U.S. Joint Chiefs of Staff for permission to implement appropriate plans if invasion appeared imminent. These statements by the U.S. representative clearly related to U.S. retaliatory action against the mainland and attacks on enemy concentrations prior to an invasion. They did not restrict action by U.S. forces against the Communists while they "are staging an invasion on Taiwan", or "against the Communist navy and convoys sailing against Taiwan".

Admiral Hedding believes that the Chinese are fully aware of this, but agreed to Mr. Drumright's suggestion that CINCPAC representatives on Taiwan bring to the attention of appropriate MND officials the error in the sentence in question.

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[2] The reference memorandum, given to the Military Assistance Advisory Group in Taipei on July 28, was a revision of a memorandum with the same title, dated June 27; they were transmitted to the Department of State as enclosures to despatches 37 and 56 from Taipei, July 21 and 29. (120.290/7–2154 and 120.290/7–2954)

[3] Dated Sept. 2. (CA files, lot 59 D 110, "U.S. Aid to Nationalist China, 1954")

[4] See despatch 660 from Taipei, Document 112.

In discussing the conferences which he held with the MND in May 1953, in his capacity as Chief of Staff to CINCPAC, Admiral Hedding said that while he received the Chinese plans for the defense of Taiwan he had not revealed what the U.S. plans would be. He said that the U.S. had refused to set up a combined staff for the defense of Formosa, since it was impractical to have a single staff with two heads. While it was made clear to the Chinese the U.S. would participate in defense of Formosa, such participation must be subject to the direction of the Chiefs of Staff and no advance assurance could be given to the Chinese as to the extent of U.S. participation (e.g., in terms of number and types of ships, etc.) since we could not know what other commitments our forces in the area might have at the time of an attack on Formosa. On the other hand, the Chinese had been assured that we would do everything necessary to fulfill our commitment to defend Formosa.

Admiral Hedding confirmed that during the conferences he had indicated that in the event of an attack on Formosa or Penghu (Pescadores) the U.S. Navy would participate in defensive operations within 36 hours and the U.S. Air Force within 72 hours. Pointing out that the U.S. sea and air forces in the area were scattered, Admiral hedding said that these time figures represented our best estimate of how soon adequate forces could be concentrated. Admiral Hedding emphasized, however, that to his mind invasion of Formosa by the Communists was a purely academic question for the forseeable future. While acknowledging that the Communists might be able to secure a logement on the Formosa coast before sufficient U.S. naval and air forces could be mobilized in the area, he stressed that the Communists could not maintain a supply line across the Straits once U.S. naval and air power was brought to bear. Whatever beachhead was secured on Formosa by the Communists would be completely cut off and left without support to deal with superior Chinese Nationalist land forces on Formosa.

Admiral Hedding indicated that during the conferences with the MND it had been agreed that the off-shore islands were an integral part of the defense of Formosa, and Penghu. It was made clear, however, that U.S. was not committed to their defense and that any U.S. action with respect to them would be subject to orders from CINCPAC.

Admiral Hedding said that he had also discussed with the MND the understanding obtained from the Chinese Government that it would not radically alter the tempo or pattern of its offensive operations without consulting the United States. (The decision to obtain such an understanding was taken by the NSC in April 1953 in connection with the delivery of jet aircraft to the GRC.) Admiral Hedding explained the need for such an understanding in terms of the

danger of provoking Chinese Communist air raids on Formosa at a time when the Chinese Nationalists were not prepared to deal with such attacks. He indicated that although the Chinese Nationalists' capability of defending against air attacks had been considerably increased through the delivery of F–84s, they were still not ready to repel large-scale air attacks. Under U.S. direction, however, steps are being taken to prepare four jet strips, with requisite POL, barracks, ammunition magazines, etc., which will be capable of accommodating a minimum of 9 jet squadrons. At the same time the radar capabilities of the Chinese Nationalists are rapidly being built up both on Formosa and on the off-shore islands. Admiral Hedding felt, however, that there was little danger at present of large-scale Communist air raids on Formosa since the Communists do not have the capabiltiy of providing jet fighter cover for bombers on missions over Formosa. He felt that any Communist air raids would probably be night raids of limited scope.

In response to a question from Mr. Drumright as to whether the Navy was contemplating supplying additional destroyers to the GRC, Admiral Hedding said that would depend upon how the Chinese used the two destroyers turned over to them earlier this year. He pointed out that those destroyers were only loaned for five years, and if they were not properly utilized we would demand them back. On the other hand, if the Chinese demonstrated that they were capable of making good use of these two, they might get more. Admiral Hedding pointed out that in case of war the U.S. would be short of destroyers and could not afford to give any away unless we were sure that they would be fully utilized.

No. 297

794A.5 MSP/9–1754: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State [1]

CONFIDENTIAL TAIPEI, September 17, 1954—6 p.m.

192. Department pass FOA and Defense. In conversation with Moyer (FOA) and myself yesterday President Chiang asked Stassen be informed of his opinion that top priority should be given to earliest possible implementation of "Kai-Plan" (Taipei despatch 501 of March 8, 1954) for expanding Chinese military establishment. He referred particularly to urgency of enlarging reserve training pro-

[1] Also sent to Manila for Raymond T. Moyer, Regional Director for the Far East, Foreign Operations Administration.

gram from present level (20–30,000 men for four months) to 80,000 men (240,000 annually). President said "economic cost" (excluding hardware) of this program estimated $130 million for eighteen months but he believed it could be accomplished in twelve months for 100 million. (Latter figure suggests President aware of Senator Bridges' recent letter to Stassen re increased aid.) [2]

President justified above by stressing danger of Communist attrition against off-shore islands staged in manner to use up large part of trained Nationalist manpower for which no adequate replacement system exists. He also regarded program as essential to be ready for eventual offensive operations against mainland.

Chiang asked that his final remark to Secretary Dulles on September 9 be repeated to effect that threat of Communist aggression at present is most serious in Asia where he expected first explosions leading to world conflict.

Moyer who understands Chinese was impressed by vigor and urgency of Chiang's presentation.

RANKIN

[2] Reference is to a letter of Aug. 6, from Senator Styles Bridges (R–New Hampshire), Chairman of the Senate Committee on Appropriations, to Stassen, enclosing an undated memorandum which summarized a discussion in the committee with respect to the situation in the Pacific area. The memorandum stated that members of the committee generally favored additional aid to the Chinese Nationalist Government but wished to avoid including language in legislation which might hint at military plans; they suggested committing an additional $100 million of general FOA funds for military assistance, direct forces support, and mutual defense support for Formosa. (U/MSA files, lot 57 D 567, "Far East and Southeast Asia—1954")

No. 298

794A.00/9–1954

Memorandum by the Assistant Secretary of State for European Affairs (Merchant) to Roderic L. O'Connor, Special Assistant to the Secretary of State

TOP SECRET [WASHINGTON,] September 19, 1954.

Returning on the plane the Secretary told me that he desired no full memorandum of his talk with Eden late in the afternoon on September 17 regarding China [1] but that he would dictate a short memorandum of it himself. [2] I told him that I would send you my

[1] The conversation took place in London; for documentation concerning the Secretary's trip to Bonn and London, Sept. 16–17, see vol. v, Part 2, pp. 1209 ff.

[2] No such memorandum has been found in Department of State files, but a telegram from Dulles to Eisenhower, Sept. 18, includes the following paragraph:

Continued

handwritten notes to be kept in his file for possible future reference. The participants on our side were the Secretary, Ambassador Aldrich and myself throughout. On the British side there were Eden, Sir Ivone Kirkpatrick [3] and Denis Allen [4] throughout. About midway in the conversation (which started at 5:30 p.m. and ran for forty-five minutes) Selwyn Lloyd and Sir Harold Caccia joined the group.

In addition, of course, to General Smith and Mr. Hoover I believe that copies of the Secretary's memorandum when dictated should be seen by Messrs. Murphy, MacArthur, Robertson, Key and Bowie.

[Attachment]

Notes of Conversation, by the Assistant Secretary of State for European Affairs (Merchant) [5]

Sec'y—*China*

Chinese Com propaganda agst Formosa—attack on Quemoy and trp concentrations.

What does US do about it? Show of strength but made no decision as to whether will commit ourselves to hold offshore islands. Considered at Denver—talked to Chase on Formosa & Hull & Stump.

Majority mil view and advice is to commit US to defense—psychological and because substantially related to defense of F—Quemoy cork in Amoy harbor. EWR on Tachan & Q.

Further success after IC wld create belief US unwilling fight—Effect on morale on Nats.

Arg agst—all out assault might carry Q unless A-bomb used tactically in last resort—

"On the China matter, we met on restricted basis. Eden listened with intense interest but was totally non-committal which was natural. He remarked that US action to defend Formosa was understandable and would have wide approval but that the same was not true of Quemoy and other islands near the mainland. I explained large psychological and lesser material relationship of these islands to Formosa but I fear he was not totally convinced. He will let me know shortly his views re appeal to UN." (Eisenhower Library, Dulles papers, Germany file)

[3] British Permanent Under Secretary of State for Foreign Affairs.

[4] William Denis Allen, British Assistant Under Secretary of State for Foreign Affairs.

[5] This conversation took place in London, Sept. 17, at 5:30 p.m. Participants at the meeting were Eden, Kirkpatrick, Denis Allen, Caccia, Lloyd, Secretary Dulles, Ambassador Aldrich, and Merchant.

According to a notation in Merchant's handwriting on his memorandum to O'Connor, above, these notes had been typed from his handwritten notes, which he then destroyed.

At end of Denver, I asked no decision till I explored alternative to (a) committal to defense or (b) abandonment, i.e. UNSC under Arts 39 & 40—"provisional measures." and seek directive agst any violent action to change present status.

Cld lead to (1) Ch Com after hearing might result in Soviet veto on ground civil war (fact is US pledge to F contains frightening possibility of war). If so we wld have exhausted peaceful measures and wld feel entitled to more world support, or (2) Coms accept SC jurisdiction and start a far-reaching negotiation which might lead to some solution of present chaotic FE position, or (3) ChiNats may strongly oppose SC ("back to mainland")—revert to original 7th flt situation. Wld have some pressures to put on them. No assurance effective.

Wanted first to have Eden's reaction—asking injunction pending general SC study situation.

E—Watched & worried. Terrible wicket if US involved major war over Q—different from F. Not to public same mil reasons & psychological.

S—Risk assault on F increases if Q falls. 50 thousand best trps on Q.

E—How deal with 2 unpleasant alts—UN shld be one thing thought of Exchange prot. Q & Is. for CKS pledge not to attack mainland—might try thru UN—might try thru direct negots.

S—Direct negots difficult for us. Even UN course will raise strong opposition in UN since might lead to plebiscite on F or ending blockade etc. Still exploratory project only. Duty to try to find 3rd way.

Coms say will have F—they won't unless they lick us in war. CKS reluctant abandon hope of return—on gt divide but not sure on which side peace lies.

E—Want to give any help in thinking it out and naturally in UN if you take it there. Glad you're trying to find 3rd way.

S—Q clearly more related to mainland than F.

K—If due to fall some day, sensible to withdraw Nats.

S—Eventually but not practical now. Effect on morale. If process negot started I assume lead ultimately to territ. adjustments.

E—Grateful—will think deeply about it.

S—Acute last wk—subsided since—we've advised CKS to cease his air raids on mainland. At moment not so acute but could flare up. Bld up nearby. We're keeping them guessing partly because we're guessing ourselves. Next full moon will bring monsoons.

E—We'll think about it.

(Break up)—6:15 p.m.

E—(Reading from official paper)—Our Jt Chiefs say (a) Q not defensible, (b) not essential to defense of F.

S—Ours say important (not essential) to F defense.

No. 299

794A.5 MSP/9–2154: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State [1]

SECRET TAIPEI, September 21, 1954—6 p.m.

208. Department pass Defense and FOA. Taipei's 192. [2] President Chiang invited Chase and myself to his office today and continued discussion of topics described in reftel. He asked if we had any news on amount of aid for FY 55 and said detailed proposals for extra $100 million to support expanded reserve training will be handed to Embassy soon. He emphasized urgency of this program and repeated his fear of Communist attrition against CRC forces on offshore islands. Said reserve program should have top priority.

Chiang was told we had no news except recent message from JCS to MAAG that no US support for increase over existing GRC military strength levels foreseen at present. He was obviously disappointed and noted that when Korea or Indochina were attacked US aid was immediately stepped up. Now GRC was fighting only hot war anywhere and US seemed "indifferent". I replied that this certainly not true. I assumed above JCS position based on assumptions present aid program adequate for defense purposes and that activities around Kinmen of only local significance.

I took this occasion to deplore exaggerated press stories from both Chinese and foreign sources which fostered belief abroad that GRC was carrying attacks on Amoy area beyond anything justified for defense of Kinmen. I said we were highly gratified by fine military effort put forth in response to Communist shelling, but did not want to encourage impression GRC trying to spread conflict. Chase continued with recommendation aggressive air action be toned down while continuing active air and naval reconnaissance.

As he did last Friday President gave unusually strong impression of impatience over what he regards as US indecisiveness and failure to appreciate urgency of situation. [3]

RANKIN

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[1] Also sent to Manila for Moyer and Brent.

[2] Document 297.

[3] Telegram 202 to Taipei, Oct. 1, reported that the question of Chinese military force levels had been discussed that day at a State–JCS meeting, but that no final recommendation could be formulated until the NSC review of U.S.–China policy was completed. If the Chinese raised the subject again, Rankin was instructed to reply that the U.S. Government was fully aware of the urgency of the situation and was giving the matter careful consideration. (794A.5 MSP/9–2454)

No. 300

793.00/9-2254

Memorandum of Conversation, by Roderic L. O'Connor, Special Assistant to the Secretary of State [1]

TOP SECRET [NEW YORK,] September 22, 1954.

Subject: Quemoy

Participants: H.E. Sir Pierson Dixon, United Kingdom Delegation
Sir Gerald Fitzmaurice, United Kingdom Delegation
The Hon. P.E. Ramsbotham, United Kingdom Delegation
Mr. M.D. Butler, United Kingdom Delegation
The Secretary
Mr. David McK. Key—USDel
Mr. David W. Wainhouse—USDel
Mr. Roderic O'Connor—USDel

Sir Pierson, at his request, came to the Secretary's suite in the Waldorf Towers to say that Mr. Eden is interested in the idea which the Secretary had raised with him in London last Friday. Sir Pierson said that Mr. Eden had a number of questions regarding which he would like some clarification:

1. What kind of a resolution would the Secretary be aiming for in the Security Council? Would it be one leading to settlement, i.e., the demilitarization of Quemoy, or would it be one asking the United Nations for military support? The terms of the resolution would be of considerable importance for they would have a strong bearing on what the Chinese Communists might accept. If the Chinese Communists did not accept the resolution, what would we do?
2. Would the Chinese Communists be invited to participate? To Mr. Eden, Sir Pierson said, this would be indispensable.
3. Who in fact would bring this into the Security Council? Would it be the United States or some other Member? London, Sir Pierson said, feels it would be preferable if it were not the United States.

In replying to Sir Pierson, the Secretary said that the Chinese Communists would, of course, be invited to participate. With respect to who would bring the action in the Security Council, the

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[1] Secretary Dulles was in New York for the opening of the Ninth Session of the UN General Assembly on Sept. 23. For text of his address given before the General Assembly on that date, see Department of State *Bulletin*, Oct. 4, 1954, pp. 471-477.
Previously unidentified participants listed below are Sir Pierson Dixon, British Permanent Representative to the United Nations, and Sir Gerald Fitzmaurice, Legal Adviser to the British Foreign Office.

Secretary said that he has not developed a clear opinion on the matter, nor has he come to any definite view. His thinking has been that the United States perhaps might bring the matter in the Security Council. He went on to say however that he has an open mind on the matter and the purpose of these exchanges is to develop the best approach.

The Secretary went on to say that the purpose of going into the Security Council would be to try to eliminate what he regards as a threat to the peace. If the Chinese Communists propose to take Formosa with Quemoy as the first step, then the Tachen Islands such action on the part of the Chinese Communists would likely lead to war—general war, in which the United States would bring to bear its military power against the Chinese Communists.

If the United States initiated action in the Security Council it would be in terms of alleging that the Chinese Communists are engaging in military action, and what we would be seeking would be provisional measures with a hope of stopping the fighting. The Secretary stated that he realized that the Security Council would not confine its action merely to our request, but would call upon the Nationalists to refrain from military action likewise. These provisional measures would suspend military action and this in turn would provide us with a possibility of exploring ways and means of a comprehensive settlement. This process would have to be painstaking and would unquestionably take a long time. High emotions are involved in this matter, and a cooling off period during which the fighting might be suspended is most desirable. This cooling off period would perhaps lead to a solution more far reaching than is possible in the initial stages.

The Secretary referred to the possible rejection of the invitation to participate in the Security Council debate by the Chinese Communists, or to a veto by the Soviet Union which, he said, would then raise the question of whether we go into the General Assembly under the Uniting for Peace Resolution. However, on this aspect of proceeding in the General Assembly, we have as yet no definite views. The Secretary pointed out that he has no idea at all of whether the Nationalists would go along with this idea. No exploration with the Chinese Nationalists was thought desirable until such exploration had been had with the United Kingdom.

Sir Gerald stated that Formosa and the Pescadores belonged to Japan which [had] renounced its sovereignty; [3] that under Chapter 7 of the Charter, with the Chinese Communists claiming Quemoy as their own territory, the Chinese Communists would assert that

[3] In the Japanese Peace Treaty, signed at San Francisco Sept. 8, 1951; for text, see TIAS 2490; 3 UST (pt. 3) 3169.

they are being accused of invading their own territory. This would certainly provide an excuse for the Soviets to veto. Under Chapter 6 of the Charter, the juridical status of Quemoy would not be brought into question.

Commenting on the dangers and risks involved and the nature of the delicate operation alluded to by the Secretary, Sir Pierson stated that the Chinese Communists are undoubtedly aware of the seriousness of the matter and might grasp the Security Council gambit as a face-saver.

The Secretary concluded the conversation by stating that he appreciates Mr. Eden's interest in the matter and requested that the highest degree of security be maintained in this matter. He expected to resume the discussion of this with Mr. Eden when he arrives in London next week.

No. 301

FE files, lot 64 D 230

Memorandum by Gerald Stryker of the Office of Chinese Affairs to the Deputy Director of That Office (Martin) [1]

TOP SECRET [WASHINGTON,] September 22, 1954.

Subject: United States Advice to GRC re Military Activity in Chinmen Area

As instructed, I called this morning on Colonel Francis J. McQuillen at the Pentagon to inquire about advice offered Chinese Nationalist military forces by CINCPAC with regard to Nationalist military activity against Chinese Communist targets in the Chinmen area. Colonel McQuillen let me see and take notes on what appeared to be a complete file of messages on this subject. He has promised, if his superiors agree, to send us copies of all pertinent messages in the files which I indicated we would like to have.

The following are direct quotes from messages of interest to us. [2]

CINCPAC to MAAG, August 15, 1953 (re Tachen area) [3]

". . . Desire to emphasize [that] ChiNat air attack of surface activity must exclude vessels in port, foreign vessels and obvious nonmilitary targets such as civilian [passenger] ferries and sampans

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[1] A similar memorandum, including some but not all of the extracts quoted here, was sent by Martin to Robertson, Sept. 24. (793.5/9–454)

[2] The messages quoted here are all in Department of Defense files. Certain minor changes have been made in the extracts after comparison with the texts of the original telegrams. These changes are in brackets: additions to the source text of the memorandum are in roman type; corrections are in italic.

[3] Telegram 150425Z from CINCPAC to Chief MAAG Formosa, Aug. 15, 1953.

fishing. Evidence of ChiCom buildup on mainland or in ports should be reported CINCPAC and no attack made thereon without clearance [from] CINCPAC. . . ."

MAAG to CINCPAC, September 3, 1954 [4]

". . . MND has indicated [they] will require U.S. concurrence for air attack of such mainland targets as are required to defeat [an] air attack or invasion attempt of Chinmen by ChiCom. May require concurrence for mainland air attacks to neutralize ChiCom artillery but no decision yet on latter. . . . I recommend [that] I be authorized to concur in air attack to include mainland targets to defeat ChiCom attack of Chinmen. . . ."

MAAG to CINCPAC, September 3, 1954 [5]

". . . On being questioned as to United States policy, I informed Chief of Staff [there are] no restrictions on air, activity [*artillery*] or naval operations in defense of Chinmen except for air attack of mainland targets. . . ."

CINCPAC to CNO, September 3, 1954 [6] (re the immediately preceding message)

". . . Recommend ChiNats be authorized [to] take measures [of] self-defense to include attack targets mainland against forces assembling to attack. . . ."

CNO to COMNAVPHIL for Stump, September 4, 1954 [7]

". . . We interpose no objection to ChiNat air attacks against such targets on mainland in immediate Amoy area destruction of which necessary to repel invasion attempt by ChiCommies on ChiNat held islands that area. Concurrence in counterattacks against mainland targets in any wider area should be accorded only in event major ChiCom air attacks develop. . . ."

MAAG to CINCPAC, September 5, 1954 [8]

". . . In view of [CNO 041633Z] [immediately preceding message] [9] I have concurred in use of air . . . MND requested authority for air attack of Mahang airfield 24°38′ N by 118°15′ E . . . now inactive . . . I have refused concurrence for such authorization [*attack*]. . . ."

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[4] Telegram 031150Z (MG 8074) from Chief MAAG Formosa to CINCPAC, Sept. 3, 1954.

[5] Telegram 031400Z (MG 8076) from Chief MAAG Formosa to CINCPAC, Sept. 3, 1954.

[6] Telegram 031949Z from CINCPAC to Chief of Naval Operations, Sept. 3, 1954.

[7] Telegram 041633Z from Chief of Naval Operations to Commander, U.S. Naval Forces in the Philippines, Sept. 4, 1954.

[8] Telegram 050346Z (MG 9003) from Chief MAAG Formosa to CINCPAC, Sept. 5, 1954.

[9] Second set of brackets in the source text.

COMNAVFE to MAAG, September 5, 1954 (Stump for Chase) [10]

Convey following to P'eng Meng-chi [11]—". . . I interpose no objection to your attacking by air such enemy targets on mainland in immediate Amoy area which are supporting [the] Communist invasion attempts. I believe [that] you will agree, however, that counter air attacks against mainland targets in any wider area should at [*for the*] present be withheld until such time as [a] possible major Communist air attack develops. . . ."

COMNAVFE to MAAG, September 6, 1954 [12] (replying to MAAG–CINCPAC message of September 5, 1954)

". . . Concur your action particularly reference restriction on Mahang airfield. Desire, however, no restriction be placed military targets supporting ChiCom hostile action immediate Amoy area and, in event actual attack [*invasion*] becomes imminent, desire no restrictions be placed on ChiNat attack on ChiCom bases actually supporting invasion effort. . . ."

CINCPAC to MAAG, September 10, 1954 [13]

". . . Situation over next few days requires careful and deliberate consideration on both U.S. and ChiNat parts as to extent of continued aggressive defense [*defensive*] counteraction. At this time [it is] not believed in best U.S. interests that ChiNats should unnecessarily prolong this counteraction in view practical cessation of ChiCom offensive action. . . . Requested [that] you advise MND in your best judgment as to continuation their aggressive counteractions in the developing situation. My view is that, while ChiNats should hit ChiComs hard for their initial aggression, nevertheless a prolonged continuation might in turn lead ChiComs to own aggressive measures of self-defense, including retaliation against Formosa and possibly unnecessary U.S. involvement. . . ."

CNO to CINCPAC, September 11, 1954 [14]

Concur in your message of September 10.

MAAG to CINCPAC, September 12, 1954 [15] (refers to CINCPAC–MAAG message of September 10)

MND planning for tomorrow—". . . Attack missions will be limited to [direct] retaliation against ChiCom attacks. Based on recent pattern of ChiCom actions this will consist only of neutralization of enemy artillery firing at ChiNat targets. . . ."

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[10] Telegram 051358Z from Commander, U.S. Naval Forces in the Far East, to Chief MAAG Formosa, Sept. 5, 1954.

[11] Gen. P'eng Meng-chi, Acting Chief of General Staff, Republic of China.

[12] Telegram 060116Z from Commander, U.S. Naval Forces in the Far East, to Chief MAAG Formosa, Sept. 6, 1954.

[13] Telegram 102044Z from CINCPAC to Chief MAAG Formosa, Sept. 10, 1954.

[14] Telegram 111535Z from Chief of Naval Operations to CINCPAC, Sept. 11, 1954.

[15] Telegram 120812Z (MG 9171) from Chief MAAG Formosa to CINCPAC, Sept. 12, 1954.

MAAG to CINCPAC, September 15, 1954 [16]

Reports ChiNats planning to conduct small intelligence gathering raids against mainland in Amoy area and requests CINCPAC approval.

CINCPAC to MAAG, September 15, 1954 [17] (refers to immediately preceding message)

Approved. " . . . Raids exceeding company size against mainland [removed] from immediate Amoy area should continue to require prior notification by MND and concurrence from CINCPAC. . . ."

I asked Colonel McQuillen whether he felt that CINCPAC advice is being followed by the Nationalist forces. I referred to recent newspaper reports to the effect that Nationalist air bombardment of Amoy Island is continuing and made specific reference to the statement, as reported in the press, by the spokesman for the MND that Nationalist ships had shelled Wei-t'ou which is on the tip of the mainland peninsula to the east of Chinmen and Amoy. Colonel McQuillen said that his office is satisfied that the CINCPAC advice is being adhered to. He thought that any naval or air action taken by the Nationalists against Communist targets would be for the purpose of retaliation for Communist attacks or for the purpose of preventing a buildup of Communist forces in the area. He said that his office had sent no queries on this matter to CINCPAC.

[16] Telegram 150246Z (MG 9221) from Chief MAAG Formosa to CINCPAC, Sept. 15, 1954.

[17] Telegram 152131Z from CINCPAC to Chief MAAG Formosa, Sept. 15, 1954.

No. 302

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 215th Meeting of the National Security Council, Washington, September 24, 1954 [1]

[Extracts]

TOP SECRET EYES ONLY

Present at the 215th meeting of the Council were the Vice President of the United States, presiding; the Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Attorney General (for Item

[1] Drafted by Gleason on Sept. 27.

3); the Acting Director, Bureau of the Budget; the Chairman, Atomic Energy Commission; the Deputy Secretary of Defense; the Acting Secretary of the Army; the Secretary of the Navy; the Secretary of the Air Force; Robert R. Bowie, Department of State; Assistant Secretary of the Treasury Rose; Assistant Secretary of Defense Hensel; the Chairman, Joint Chiefs of Staff; the Chief of Staff, U.S. Army; the Chief of Naval Operations; the Chief of Staff, U.S. Air Force; the Commandant, U.S. Marine Corps; the Director of Central Intelligence; Robert Cutler, Special Assistant to the President; the Deputy Assistant to the President; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the main points taken.

1. Significant World Developments Affecting U.S. Security [2]

. . . . . .

Mr. Dulles then produced charts analyzing military activity in the Quemoy area from September 3 to September 22, inclusive. These charts indicated the artillery rounds, naval gun fire, Chinese Nationalist bombing of the Amoy region during this interval.

Mr. Dulles then commented that Chinese Communist apparent concentration on Quemoy may prove to be a feint, with the Tachen Islands the actual objective. Accordingly, developments in the latter area were being carefully scrutinized. Governor Stassen indicated his belief that the Chinese Communists were quite likely to make a sudden move against the Tachen Islands.

. . . . . .

3. Chinese Nationalist Offshore Islands (NSC 5429/2; NSC Action No. 1224-b [3])

Secretary Dulles said that he had had quite extensive discussion of the proposal for dealing with the offshore island problem in the UN, with Foreign Secretary Eden in London last Friday. Eden had listened with interest, but was guarded and non-committal in his response because of the inherent complications of the question. He had said that he would, however, give the matter study, and yesterday in New York, Dixon had come to see Secretary Dulles with a series of questions which had arisen in Eden's mind since his first conversation with Secretary Dulles. These questions were mostly technical and legal in character. Eden had said, however, that while he thought there would be a great deal of support in the UN for a U.S. position against Chinese Communist attempts to seize

[2] This portion of the memorandum summarized an intelligence briefing by Allen Dulles; only those paragraphs pertaining to China are printed here.

[3] See footnote 9, Document 293.

Formosa, similar support would not be forthcoming for the defense of Quemoy.

Secretary Wilson inquired how the United States would feel if we got this thing before the UN and the UN recommended the return of the offshore islands to the Chinese Communists.

Secretary Dulles replied that of course he wouldn't feel very happy about such an outcome, but that it would be better for the United States to get out of the islands under such circumstances than merely to run away from them with our tail between our legs.

Governor Stassen expressed fear that the Chinese Communists might attack the offshore islands within a month's time and before any decision could be reached by the UN. He expressed the belief that in that event the United States ought to "slap them down" but then withdraw and avoid any involvement in war with China. He said he remained convinced that the Chinese Communists were simply probing the intentions of the U.S., and that if we met force with force they would not press an attack on the islands.

Secretary Humphrey said that it was his understanding at Denver that we had decided to pull out of Quemoy and were simply searching for the best possible alibi.

In the course of discussion as to whether the renewal on September 22 of heavy bombardment of Quemoy by the Chinese Communists was the direct result of continuing Chinese Nationalist military action in the vicinity of Amoy, Admiral Radford expressed the opinion that the Chinese Nationalists had generally followed the advice we had given them with respect to action in this area.

The National Security Council: [4]

Discussed the subject in the light of an interim oral report by the Secretary of State on actions taken to date pursuant to NSC Action No. 1224-b.

. . . . . .

S. EVERETT GLEASON

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[4] The following paragraph constitutes NSC Action No. 1228. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the National Security Council, 1954")

No. 303

611.94A/9-2654

Memorandum by the Special Assistant to the President for National Security Affairs (Cutler) to the Secretary of State [1]

TOP SECRET WASHINGTON, September 26, 1954.

Subject: Par. 10, NSC 146/2, US Objectives and Courses of Action with Respect to Formosa and the Chinese Nationalist Government.

1. The subject paragraph reads as follows:

"Without committing U.S. forces, unless Formosa or the Pescadores are attacked, encourage and assist the Chinese Nationalist Government to defend the Nationalist-held off-shore islands against Communist attack *and to raid Chinese Communist territory and commerce*". (underlining supplied) [2]

2. Yesterday, in Denver, I briefed the President on the National Security Council Meeting held in Washington on Friday, September 24, 1954, including the report of the Secretary of State relative to the off-shore islands held by the Chinese Nationalists. At the conclusion of my briefing, at the suggestion of the Secretary of Defense, I took up with the President the views of the Secretary of Defense with reference to the underlined portion of par. 10, quoted above. Mr. Wilson suggested striking from our policy the underlined language, for these reasons: (a) the present situation differs from that which existed (Korean War) when this policy was adopted and when we first began supplying military assistance to the Chinese Nationalist Government forces on the off-shore islands other than Formosa and the Pescadores; (b) to "cool off" the Chinese Nationalists from, intentionally or accidentally, provoking increased hostilities with the Chinese Communists; (c) as a result of seeking to diminish the chance of increased hostilities, to ease the tasks of the Secretary of State in other parts of the world. If the underlined language were eliminated from our policy, the US would be in a position to inform the Chinese Nationalists that it would no longer supply military assistance to help them to raid Chinese Communist territory and commerce or replace items lost in such raids.

3. The President requested me to advise the Secretary of State and the Secretary of Defense that, subject to their concurrence, he was directing that the U.S. for the time being should *suspend* "encouraging and assisting the Chinese Nationalist Government to

[1] Also sent to Secretary of Defense Wilson.

[2] Printed here as italics.

raid Chinese Communist territory and commerce"; thereby modifying to that extent for the time being his prior approval of par. 10, NSC 146/2. He pointed out that this action did not modify or affect the rest of the policy in par. 10, quoted above, and that the United States would "without committing U.S. forces, unless Formosa or the Pescadores are attacked, encourage and assist the Chinese Nationalist Government to defend the Nationalist-held off-shore islands against Communist attack". Nor did it affect Council actions taken at the Denver Meeting on September 12, 1954, and approved by him (NSC Action No. 1224 [3]). The action directed was a step to help maintain, for the time being, the *status quo*.

4. This Memorandum requests the Secretary of State and the Secretary of Defense to advise me *at once* in writing whether they concur in the action indicated in par. 3 above. [4] Upon receipt of such concurrence, a formal notice of modification of policy will be issued by the Executive Secretary [5] and measures to implement the change may then be promptly taken by the appropriate departments and agencies.

5. The President wished me to emphasize that the action referred to was a *suspension for the time being,* pending further clarification of the situation. It is, therefore, understood that the Secretary of Defense will submit a paper on this subject, which can be appropriately staffed and, together with comments, considered at the National Security Council Meeting directed by the President to be held in Washington on Wednesday, October 6, 1954, at the same time as, and in relation to, the report then to be made by the Secretary of State with reference to Section I, NSC 5429/1 (China portion of Review of Far East Policy).

ROBERT CUTLER

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[3] See footnote 9, Document 293.

[4] Department of State concurrence was conveyed in a letter of Sept. 28 from Robertson to Cutler. (611.94A/9–2854)

[5] A memorandum of Sept. 28 from Lay to the National Security Council reported that the President had temporarily suspended the language in question. (S/S–NSC files, lot 63 D 351, NSC 146 Series)

No. 304

793.00/9-2754: Telegram

The Secretary of State to the Department of State [1]

TOP SECRET PRIORITY LONDON, September 27, 1954—7 p.m.

Dulte 1. Eyes only for Acting Secretary from Secretary. My next numbered Dulte cable on China is strictly eyes only for you with no circulation of text whatever, although you may wish to inform orally Hoover and probably Robertson and Key; also I suggest Charlie Wilson be orally informed. I recommend proceeding along lines outlined following cable and if you concur in my recommendation, I suggest program be outlined to president and in strictest confidence to Lodge and that then Eden and I should here see New Zealand High Commissioner, following which detailed petition to Security Council could be developed at Washington or New York with New Zealand and U.K. delegates. Concurrently Taipei should be informed.

The reference cable has been seen by Eden. He concurs in it so far as he is concerned.

DULLES

[1] Secretary Dulles was in London attending the Nine-Power Conference of Foreign Ministers, Sept. 28–Oct. 3; for documentation concerning this conference, see vol. v, Part 2, pp. 1294 ff.

No. 305

793.00/9-2754: Telegram

The Secretary of State to the Department of State

TOP SECRET PRIORITY LONDON, September 27, 1954—7 p.m.

Dulte 2. Eyes only for Acting Secretary from Secretary. Last night at Embassy dinner Eden and I discussed Chinese offshore islands held by ChiNats. Eden is disposed to support promptly bringing this situation to Security Council under Chapter VI with view to obtaining Security Council recommendation that military activities against these islands and in defense thereof should be provisionally suspended. U.K. believes action under Chapter VI rather than Chapter VII preferable because Chapter VII presupposes "aggression" which would raise serious technical difficulties at threshold since these offshore islands have continuously been Chinese territory in distinction to Formosa and Pescadores which have inchoate juridical status under Japanese peace treaty. Also action under

Chapter VI is not vetoable by the parties so that ChiNats could not veto nor could Chinese Communists allege that action would [have] been nullified by them if they had not been unlawfully deprived of UN seat. While Articles 36 and 37 are not explicit as is 40 with reference to "provisional measures" "to prevent an aggravation of the situation", it is the view of Fitzmaurice in which I am disposed to concur that under 36 and 37 the Security Council could recommend cessation of hostilities and this might have the practical effect as a "call" under Article 40 even though latter legally has greater mandatory force.

Foreign Office view is that initiation of matter should preferably be by a member not closely identified with situation although having legitimate interest. Eden suggests New Zealand, now member of Security Council, is appropriate and believes it might be disposed to act.

DULLES

No. 306

396.1 GE/9-2854: Telegram

The Acting Secretary of State to the Secretary of State, at London [1]

TOP SECRET
NIACT

WASHINGTON, September 28, 1954—1:01 p.m.

Tedul 4. Eyes only Secretary from Acting Secretary. Your Dultes 1 and 2, September 22. I have orally informed Hoover, Murphy, Robertson, Key and Wainhouse, as I wished to consult Murphy, Key and Wainhouse. All agree that your recommended approach is sound, and all prefer Chapter VI to Chapter VII of the Charter.

Have just outlined your recommendation to the President, who approves and asks that you proceed as indicated in your Dulte 1. He feels very strongly the desirability of having matter initiated by member not closely identified with the situation but having legitimate interest, and concurs in your view New Zealand would be excellent.

Program will be orally outlined Lodge in strictest confidence later today.

I also informed Charlie Wilson in strict confidence, and at same time concurred in his opinion, expressed at request of the President, that ChiNat raids on mainland be suspended for time being.

New subject: During above-mentioned conversation with the President, he asked that I tell you, though he had not wanted to

[1] Drafted by Acting Secretary Smith.

bother you with a separate message, he wished you to know that he had read your UN speech [2] in detail and was perfectly delighted with it. He went on to say that if he had written it himself it could not better have expressed his ideas and his views, and he particularly liked the calm, matter-of-fact language, which was both reassuring and convincing.

SMITH

[2] See footnote 1, Document 300.

No. 307

961.53/9–2954: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

TOP SECRET TAIPEI, September 29, 1954—3 p.m.

232. Department's 182. [1] Saw acting Foreign Minister last night and bared action recommended by Department re repeating proposal already made here that non-defectors from three ships (one Soviet and two Polish) be sent off on Soviet tanker *Tuapse* soonest.

He replied that with 16 defectors from Soviet crew of 48 Chinese Government was satisfied and indicated early consideration would be given to repatriation of remainder. As to *Tuapse* itself he could say nothing since matter in hands of higher authority, presumably meaning President Chiang.

RANKIN

[1] Telegram 182 to Taipei, Sept. 25, requested that Rankin again remind the Chinese authorities of the U.S. desire for the earliest possible release of the Soviet tanker *Tuapse*. (961.53/9–2554)

No. 308

293.1111/9–2954: Telegram

The Consul General at Geneva (Gowen) to the Department of State [1]

CONFIDENTIAL
PRIORITY

GENEVA, September 29, 1954—6 p.m.

273. Re Deptels 230 [2] and 231 and 259, [3] September 22. Shillock with Jason as French interpreter met today with Chinese Communist Consul Hsiah and interpreters Yeh and Yung at Beaurivage Hotel as requested by us. Our statements followed closely lines Deptel 230. We also mentioned Haeslop case which Hsiah said he would note. Hsiah's reaction to our protest was quite unemotional all he did being confined to having his interpreters write down in full what we told him.

Reading from prepared statement Hsiah then stated that Dixon, Applegate and Krasner had intruded into Chinese territory and had consequently been arrested and deported in due course. He added Hugh Redmond had been found guilty of spying and sentenced to life in prison. Upon our reiterating protest and request reconsideration Redmond case Hsiah said that if Redmond's future attitude and conduct were found satisfactory by Chinese authorities his case might then be reconsidered. Replying our statement Chinese Communists have unfortunately been in habit regarding all foreigners as spies Hsiah said his government protects all foreigners in China who respect Chinese laws.

Hsiah stressed his hope receive early news concerning additional Chinese permitted depart from US. He then specifically inquired whether 26 Chinese students who petitioned President Eisenhower by letter August 5 (re London's despatch 682, September 6) [4] had yet received permission depart pointing out they had long been separated their families. We replied student cases still being carefully reviewed and that we would inform them developments in due course. [5]

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[1] Repeated for information to London and Hong Kong.

[2] Telegram 230 to Geneva, Sept. 21, instructed the Consulate General to call a meeting between Shillock and Hsia to discuss recent Chinese Communist actions concerning U.S. nationals in China. Shillock was to express restrained gratitude for the release of Richard Applegate, Donald M. Dixon, and Benjamin Krasner, three Americans who had been captured in March 1953 while sailing on a yacht from Hong Kong to Macao, and to protest the sentencing of another American, Hugh F. Redmond, to life imprisonment. (293.1111/9–2154)

[3] Telegrams 231 and 259 are not printed.

[4] Not printed.

[5] The fourth meeting between Shillock and Hsiah was held Oct. 18 at U.S. initiative. At that meeting Shillock informed Hsiah that six Chinese students had left the

Continued

Fact that Hsiah had prepared written statements concerning Dixon, Applegate, Krasner and Redmond cases show that he wished to talk to us about same questions for which we wanted discuss with him. Meeting lasted about thirty minutes. General atmosphere restrained and formal.

GOWEN

United States and that five others had made arrangements for departure, gave him the names of five additional Chinese whose departure had been authorized, and told him that all students were free to apply for departure at any time. The Department's instructions were sent to Geneva in telegram 307, Oct. 15; the meeting was reported in telegram 325 from Geneva, Oct. 18, 1954. (293.1111/10-1554 and 293.1111/10-1854)

No. 309

793.00/9-2954

Memorandum of Conversation, by the Director of the Policy Planning Staff (Bowie)

TOP SECRET [LONDON,] September 29, 1954.

Participants: The Secretary
Mr. Merchant
Mr. Bowie
Mr. Eden
Mr. Caccia
Mr. Allen
Mr. Campbell, Acting New Zealand High Commissioner
Mr. Coner

Subject: Discussion at Mr. Eden's Flat Tonight, 7:00 p.m.

Mr. Dulles opened the conversation by stating that we were concerned about the danger of an outbreak of hostilities in the Far East arising from Chinese Communist attacks on Quemoy, in view of the U.S. commitment to defend Formosa and the Pescadores. He explained the views of our Defense advisers regarding the relation of Quemoy and the Tachen Islands to the defense of Formosa. He said that Mr. Eden and he had been consulting about the situation during the last two weeks and that both had concluded that it would be appropriate to bring the matter before the Security Council with a view to maintaining the *status quo,* which might lead to further steps to pacify the area. If the situation were not stabilized, we might face the choice of either fighting to defend these islands against Chinese Communist attack or accepting their loss with the

resulting danger to free world prestige and to the security of Formosa.

Since New Zealand was on the Security Council and interested in the area, we had thought that it might be disposed to ask the Security Council to take provisional measures to maintain the *status quo*. After considering action under Chapter VI and VII we had concluded that Chapter VI would have the advantages of avoiding the issue of aggression which could raise difficult problems in relation to the offshore islands and also the risk of veto by the parties. The Secretary then read and later delivered to the New Zealand High Commissioner the attached memorandum [1] of his views.

Mr. Eden said that he thought that the proposed course was an admirable one and constituted wise statemanship since otherwise the situation would involve very grave danger.

The High Commissioner said that he would report to his government at once and asked what timetable was contemplated.

The Secretary said that it was important to plan as rapidly as possible inasmuch as an attack on Quemoy or the Tachen might happen at any time. In answer to a question, Mr. Eden said that it was our hope that the Chinese Communists would be invited to present their views to the Security Council. Mr. Coner suggested that Quemoy was probably not defensible except by direct attack against the mainland; the Secretary confirmed that this was the view of our military advisers. When asked how far we might be prepared to go if the proceeding raised broader questions, the Secretary replied that he realized that this might occur; while Formosa would not be abandoned it might ultimately be separated from the mainland. He also recognized that, while the parties would not be free to veto, the Soviets might; but if the effort failed, we were no worse off than we are now.

The High Commissioner said that he should be able to get an answer quickly despite the absorption of the Ministers in the end of the Parliamentary session and the pending elections. Mr. Eden urged him to recommend to his government that it do whatever was possible in view of the grim alternatives. Jokingly, he suggested that if he were asked for advice he would recommend this action as a splendid election issue.

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[1] Not attached to the source text, but quoted in Dulte 9 from London, Sept. 29. The memorandum stated that it seemed desirable to submit the matter of the offshore islands to the Security Council "with a view to obtaining Security Council recommendation that military activities against these islands and in their defense should be provisionally suspended", and that if New Zealand were disposed to act, the United Kingdom and the United States would "look favorably upon such action." (793.00/9–2954)

It was agreed that if an agreement in principle could be obtained (if possible while the Secretary was here), the papers could then be prepared in 3 or 4 days either at the UN in New York or at Washington.

Mr. Dulles stressed the great importance of strict security until the action was taken, and the High Commissioner assured him that this would be the case.

No. 310

396.1 GE/9-3054: Telegram

The Acting Secretary of State to the Secretary of State, at London [1]

TOP SECRET WASHINGTON, September 30, 1954—9:31 a.m.

Tedul 12. Eyes only Secretary. Reference Tedul 4 September 28.

1. Lodge's reaction most favorable and he feels you should be congratulated on ingenuity your proposal.

2. We would welcome your views about timing and particularly whether we should aim for a Security Council meeting prior to November elections. [2] We anticipate an unfavorable reaction once ChiNats learn of proposal and realize its full implications and this would be almost certain to generate considerable emotion in certain domestic political circles. Accordingly if an early SC meeting desired it might be advisable for President to tip off one or two influential Congressional leaders such as Senator Knowland regarding proposal. In view of danger of possible leak this might be a wise precaution in any event.

3. In your Dulte 1 [3] you state Taipei should be concurrently informed. We assume that for time being at least this means that only our Embassy Taipei should be informed. Question nevertheless remains as to when (perhaps not until eve of request for SC meeting?) Chinese government should be brought into the picture.

4. Our present thinking is that the detailed petition to SC and other necessary preliminaries should be worked out in collaboration with U.K. and New Zealand here rather than in New York.

5. Your Dulte 9, [4] the President has been informed.

SMITH

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[1] Drafted by Key and approved by Smith.
[2] Congressional elections were scheduled for Nov. 2.
[3] Document 304.
[4] See footnote 1, *supra*.

No. 311

793.00/10–154: Telegram

The Secretary of State to the Department of State

TOP SECRET PRIORITY LONDON, October 1, 1954—11 a.m.

Dulte 15. Eyes only Acting Secretary from Secretary. Re Tedul 12. [1] With reference to timing, a good deal depends upon military estimate. Basic purpose is to have matter before Security Council prior to situation arising which would pose the dilemma of loss of island or US intervention. Another factor is that if the fighting becomes acute and nothing is done, it will seem strange to bring matter before Security Council some weeks subsequently.

Perhaps best solution would be to have everything in readiness and then to file either in November or when serious attack mounting, whichever comes first.

While there may be an unfavorable reaction in some quarters and possibly from Chi Nats, they should appreciate that it is an odds-on chance that they will come out on top as a result of this move. It seems to me highly unlikely that Chi Coms will accept UN jurisdiction while they are deprived of membership; also that they would accept UN jurisdiction with reference to territory such as these offshore islands which have always been part of China. Chi Nats should also realize that this gives them their only chance to hold these islands as against all-out Chi Com attack in which US does not intervene and that the loss of islands under these circumstances would be a serious blow to them. While I admit move is a bold one in sense that it does involve some risks, I believe that it is clearly defensible by all who accept it that US will not engage in large-scale and perhaps atomic war against Chi Com mainland to hold these islands.

Please cable soonest your reactions about timing in light of foregoing. [2] I believe US Emb Taipei should be confidentially informed of our thinking and its judgment sought as to communicating to Chi Nats.

I have impression that sometime before actual moves are taken UK will want to explain its position to Chi Coms.

Agree that preliminaries should be worked out in Washington rather than New York and will confirm with Eden.

DULLES

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[1] *Supra.*

[2] Tedul 17 to London, Oct. 1, expressed agreement with the formula in the second paragraph of this telegram. (396.1 GE/10–154)

No. 312

493.009/10-154: Telegram

The Secretary of State to the Department of State

TOP SECRET LONDON, October 1, 1954—3 p.m.

Dulte 16. Thorneycroft spoke to Secretary September 29 about possibility some revision China embargo list. Said he knew situation not ripe for action at present but suggested two sets of officials of US and UK should without publicity or commitments make study of China list in order be ready for later action should that become appropriate. Also mentioned need of devising more effective enforcement measures. Said he realized publicity on matter would be inappropriate during US elections and although he anticipated taking considerable beating in Commons when reconvened in October he prepared do so for time being.

Secretary said it not merely question of elections but of fact ChiComs continue behave very badly—first Korea, then Indochina and now stepped-up hostilities against ChiNats. If events lead to pacification of situation then reconsideration China embargo might possibly be in order.

Thorneycroft spoke of importance of trying to find some way for Japan carry on non-strategic trade with China and thus relieve Western powers of necessity of absorbing Japanese goods. Secretary pointed out that technical aspects of implementation and enforcement problems were primarily responsibility of Stassen and FOA but said he would on return discuss with Stassen and other interested cabinet officials the possibility of some preliminary work on list itself and its enforcement to be done without publicity or commitment.

Thorneycroft then spoke at some length about Japanese situation saying he hoped formula could be found for bringing Japan into GATT [1] but this very difficult. Thought it would have to build in some pre-existing discriminations on part of some of Commonwealth countries. Although matter very unpleasant from political standpoint he felt UK should do its share in helping deal with economics of situation.

DULLES

[1] For documentation concerning the possible adherence of Japan to the General Agreement on Tariffs and Trade, see vol. I, Part 1, pp. 115 ff.

No. 313

793.00/10–154: Telegram

The Acting Secretary of State to the Embassy in the Republic of China [1]

TOP SECRET WASHINGTON, October 1, 1954—5:42 p.m.

201. Eyes only for Ambassador. See immediately preceding telegram. [2] Situation regarding Nationalist held offshore islands near China coast has recently been given highest-level consideration within this Govt and as between US and UK Govts, with particular reference to threat which that situation poses to international peace and security. As result of this consideration it has been concluded that it desirable submit matter to UN Security Council with view to obtaining SC recommendation that military activities against those islands and in their defense should be provisionally suspended.

Our present view is that such action should be taken under Chapter VI of Charter, which would presumably enable SC to recommend suspension of hostilities.

In response request by US and UK, New Zealand Govt has agreed initiate necessary action to bring matter before SC.

Our tentative thinking re timing is that matter should be brought before SC prior to onset of situation which would pose dilemma of loss of island or large-scale US intervention with attendant international risks; if events permit, however, we should like to defer such action until November. It has been suggested best solution might be to have everything in readiness and then to file either in November or when serious attack mounting, whichever is earlier.

While there may be unfavorable reaction in some quarters, including Chinese Govt, latter should appreciate there is good chance they will come out on top as result this move. Chi Coms likely refuse accept UN jurisdiction while deprived of membership, particularly with regard to territory which has always been part of China. Also this plan might enable Chinese Govt to hold off-shore islands which they would otherwise lose should Chi Coms decide make all-out attack against them and should US not intervene decisively in their defense.

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[1] Drafted by Niles W. Bond, Deputy Director of the Office of UN Political and Security Affairs, and Assistant Secretary Key; approved by Smith.

[2] Telegram 200 to Taipei, Oct. 1, reported that telegram 201 should not be shown to or discussed with any member of the Ambassador's staff with the possible exception of Deputy Chief of Mission Cochran. (793.00/10–154)

Request your judgment as to how and when we should inform Chinese Govt, bearing in mind possibility of unfavorable reaction and great importance of avoiding leak which would force our hand. Also would appreciate any comments you may have as to timing of submission of item to SC.

We cannot overemphasize importance maintaining airtight security re foregoing plan, knowledge of which within US Govt being confined to strict "need to know" basis.

SMITH

No. 314

794A.5 MSP/10-154

The Director of the Office of Military Assistance, Department of Defense (Stewart) to the Special Assistant to the Secretary of State for Mutual Security Affairs (Nolting)

TOP SECRET WASHINGTON, October 1, 1954.

Subject: Priority of Shipments to NGRC

1. In order to increase the capability of the Chinese Nationalists to cope with emergencies which may arise due to Chinese Communists attacks, the Joint Chiefs of Staff have requested that priority be accorded the NGRC for allocation and shipment of material against approved programs for that country.

2. The Department of Defense has approved the request of the Joint Chiefs of Staff and has directed the three Military Departments to place the NGRC in first priority. This adjustment of priority is intended to apply only to that material listed by the Chief, MAAG, Formosa, as effecting present combat operations of NGRC forces.

3. A similar memorandum has been furnished the Director of Foreign Operations for his information.

J. K. WILSON, JR.
for G. C. Stewart
Major General, U.S. Army

No. 315

793.00/10–254: Telegram

The Ambassador in the Soviet Union (Bohlen) to the Department of State

SECRET Moscow, October 2, 1954—3 p.m.

483. Khrushchev's speech in Peking (Embassy telegram 478) [1] not only goes farther than previous press comment, but is first really official declaration of solidarity by Soviet Government with Chinese pretensions and threats in regard to Formosa. While Khrushchev's speech does not directly commit Soviet Government to any form of action in this regard, it nevertheless, following right after Chou En-lai's bellicose statement, puts Soviet Union solidly behind Chinese position. It is noted, however, that Khrushchev's statement that "United States is in every way hindering (preventing) Chinese people from liberating . . . Island of Taiwan" is susceptible of two interpretations. It could mean that as long as United States maintains its present attitude Taiwan will not be "liberated" by Chinese or that this obstacle must be overcome by any means. Khrushchev is also careful in strongest statement of support to ascribe this statement to Soviet people rather than to Soviet Government. It is not possible from here to obtain any clear indication of how far Chinese with Russian support are prepared to go in achievement of announced objective of liberating Formosa. Soviet press today reports even more bellicose speeches made in Peking by various Chinese officials at October 1 parade and demonstration, including direct statement that it is duty under Chinese Constitution of Chinese Army to liberate Formosa.

I find it difficult to believe that Soviet Government would be prepared to run serious risk of involvement in major war over Chinese claims to Formosa, but as in past, it is always possible that there is some area of doubt in minds Communist rulers concerning firmness United States determination to defend Formosa. In any event, increasingly threatening tone of Chinese Communist utterances now supported by Soviet Union are not to be lightly dismissed. In past, campaigns [have] been developed by Communists without necessarily intention of going beyond a definite point, but momentum and commitment involved could under certain circumstances have

[1] Telegram 478 from Moscow, Oct. 1, reported Soviet press coverage of speeches given in Peking on Sept. 30 by Nikita Sergeyevich Khrushchev, First Secretary of the Communist Party of the Soviet Union, and Chou En-lai. Khrushchev was the head of a Soviet Delegation in Peking for the celebration of the fifth anniversary of the founding of the People's Republic of China. (661.93/10–154)

self-intoxicating effect. Also, if carried on in increasing intensity, this campaign could have international psychological effect damaging to United States position in regard to Formosa. Certainly one of main purposes is to acerbate difference in United States-United Kingdom views on question and judging from comments of Attlee and others, it is already having a certain effect. It might, therefore, be worthwhile to give serious examination to what moves we could undertake to counteract this campaign before it goes too far and to remove any shadow of doubt that there might be in Communist minds despite President's statement on subject of United States determination to fight if armed force is used by Chinese against Formosa. The following measures might be considered:

1. Propaganda exploitation of glaring contrast between Soviet professions of co-existence, relaxation of international tension, et cetera and open support of and appeal to armed aggression in case of Formosa. (For this purpose we would be quite entitled to take at face value Chinese Communist threat of such action and Soviet support thereof.)
2. Opportunity might be found for President to repeat previous warning that an attack on Formosa would involve conflict with United States Seventh Fleet. [2] This statement might be amplified by making it clear that it would not be Seventh Fleet, but in effect, mean war with United States.
3. If campaign continues to grow in intensity and volume, consideration might be given to a private message to Soviet Government concerning seriousness with which United States Government takes these bellicose threats from Chinese Communists and indication consequences if they are in any sense translated into action.

Foregoing measures it is recognized involve the delicate and unclear question of the status of the offshore islands and I am not aware of exact degree to which United States feels it is committed to defend them. While as indicated above, there are no grounds here for anticipating any early military action and main purpose of campaign appears to be to undermine position Chiang Kai-shek and United States, I do feel that some measure of prophylaxis might be worth considering at this juncture.

BOHLEN

[2] Eisenhower had stated in response to a question at a press conference on Aug. 17 that "any invasion of Formosa would have to run over the Seventh Fleet". His statement and the question to which it replied are quoted in Dwight D. Eisenhower, *The White House Years: Mandate for Change, 1953-1956* (Garden City, New York, Doubleday & Company, Inc., 1963), pp. 462-463.

No. 316

793.00/10-254: Telegram

The Secretary of State to the Department of State

TOP SECRET LONDON, October 2, 1954—11 p.m.

Dulte 23. Eyes only Acting Secretary from Secretary. Eden raised with me at luncheon October 2 question timing Security Council action on offshore islands. I said that activity had quieted down and that whereas we might not act for several weeks, I believed that we should have everything arranged to move on a few hours' notice. Caccia said that New Zealanders were anxious to work out details and they had asked in particular if our purpose was to achieve complete cessation of hostilities between Mainland and Formosa. I said that initial purpose limited to call halt to attacks from Mainland to islands and attack against Mainland in defense of islands both from islands and Formosa. Eden said British were contemplating *démarche* in Peiping and Moscow few hours in advance introduction subject Security Council for purpose of warning Communists their view of seriousness of situation. I indicated no objection. Eden said they would inform us line they proposed take and were anxious to have our comments thereon. Caccia passed to Merchant draft outline instructions which Eden had not yet approved. I am bringing back with me text [1] which seems helpful.

DULLES

[1] Not found in Department of State files.

No. 317

793.00/10-454

Memorandum of Conversation, by the Assistant Secretary of State for International Organization Affairs (Key)

TOP SECRET [WASHINGTON,] October 4, 1954.

Subject: Quemoy

Participants:

The Secretary
The Under Secretary [1]
Mr. Livingston Merchant, Assistant Secretary
Mr. Walter Robertson, Assistant Secretary

[1] Herbert Hoover, Jr.

Mr. David Key, Assistant Secretary
The Ambassador of New Zealand, Mr. Munro
Mr. R. H. Wade, First Secretary, New Zealand Embassy
Sir Robert Scott, Minister, British Embassy

The Secretary opened the meeting by reviewing briefly his talks with Mr. Eden on the subject of the Quemoy Islands as follows:

He had pointed out to the latter the dilemma facing the United States which had either to commit large forces to Quemoy or else risk the loss of Quemoy and other off-shore islands which would constitute a serious blow to the prestige of the United States, particularly if it came on the heels of the Manila Conference. If we did not resist Communist attacks on Quemoy, the Communists might think that we would likewise not resist their attacks on the Pescadores and Formosa. This would be a serious illusion on the part of the Chinese Communists and would lead to extensive war.

Accordingly, if there were any reality to UN pledges, we would be bound to regard the present fighting as a "dangerous situation." At first we believed that action should be taken under Chapter VI, but Mr. Fitzmaurice, for whose legal opinions the Secretary has a high regard, felt it would be better to operate under both Chapter VI and VII. There were two disadvantages to action solely under Chapter VII. The first was that this would presuppose aggression whereas in the minds of many a struggle between the off-shore islands and the mainland did not constitute aggression but rather a civil war. Secondly there was the possibility for a veto under Chapter VII. All this would be obviated, however, if action were taken under Chapter VI. U.S. thinking was now much in line with UK thinking on this subject. Mr. Merchant mentioned at this point a memorandum, outlining tentative British thinking on this subject which Mr. Caccia had handed him in London but which Mr. Eden had not yet seen. [2]

Ambassador Munro interrupted to state that New Zealand definitely favored action under Chapter VI, according to a message just received from his Foreign Minister.

Continuing, the Secretary observed that both Chinese sides, though especially the Chinese Communists, would probably be opposed to any UN action. There seemed to be a definite tendency on the part of the Chinese Communists to connect attacks on Quemoy or other off-shore islands with a progressive attack on the Pescadores and Formosa. Khrushchev's recent declaration about the USSR backing Chinese claims on Formosa raised in Ambassador Bohlen's mind the question whether the USSR took really seriously our de-

[2] Presumably the draft outline instructions referred to in Dulte 23, *supra*.

termination to protect Formosa. The Secretary said there was no doubt whatever that we would fight to protect Formosa.

With respect to timing, the Secretary said that there had been a recent lull in the fighting and that it was possible attacks on Quemoy had served as a cover for future attacks to be made on the Tachen Islands and others. In reply to Ambassador Munro's query as to whether the other islands would come within the Secretary's proposal, the latter replied in the affirmative. Ambassador Munro then stated that the New Zealand Foreign Minister strongly felt the matter should be presented to the Security Council without delay. He fears that a leak may occur in which event submission of the matter to the Security Council would be "unfortunate", if not "ignominious." The Secretary replied that he would not wish to make a decision about timing until he had had an opportunity to consult the President. While he realized that the subject was charged with emotionalism which would have domestic political repercussions, the Secretary felt the proposal had great merit and he would not therefore be afraid to defend it.

The question was raised whether the USSR, Peking and the Chinese Nationalists should be apprised of the contemplated action before it is brought into the Security Council and if so, what timing should be observed. It was revealed that our Embassy in Taipeh has been requested to give its views on this subject but no reply has yet been received. With respect to Moscow and Peking, the U.K. thought they should be informed just two or three hours before action is taken.

Sir Robert Scott asked what would the Secretary expect if the initial move in the Security Council went off well. Ambassador Munro quickly added that he would welcome the Secretary's views also as to what to expect in the event the matter did not go off well in the Security Council.

The Secretary replied that there would, of course, be a resolution calling for cessation of fighting and calling upon the parties concerned to seek some peaceful solution. It was out of the question, of course, for the two parties to arrive at a solution at some early date, but this would at any rate serve to bring a stop to the fighting which is confronting us all with a very grave situation. If the Chinese Communists would not agree to come to the Security Council, then we would be just where we are now, but it might be that even though not formally agreeing to stop the fighting, they would in fact discontinue their attacks. Furthermore, the danger of the course on which they are embarked would be impressed on them. Also, world opinion would be focused on this dangerous situation. Thus no bad results would come but maybe some good results could be expected.

Ambassador Munro inquired whether, in the Secretary's opinion, there would be any room for negotiations about the islands at this time. The Secretary replied in the negative but added that it was obvious that some time in the course of future history this situation would have to be straightened out. The main thing for the moment was to stamp out the flames. If the Communists pursued their present line, they would get into war because they do not refer to the isles themselves except as "stepping stones" to Formosa.

Ambassador Munro asked whether the Secretary expected to consult with the President about the desirability of conferring with Congressional leaders. The Secretary stated that this presented certain difficulties, especially if we move forward rapidly, inasmuch as the political campaign is in full swing. However, he had not yet had an opportunity to consult with his advisers here in the Department and in any event this matter would be a long drawn-out affair once it got into the UN. It would perhaps drag along for a year or two or more, although it was to be hoped that it would have an immediate effect in persuading the Communists to slow down. Delay was not objectionable, however. In fact, the more delay, the better: As long as this subject remained on the agenda of the Security Council, it might have a quieting effect and if so, the longer it remained on the agenda, the better. The Chinese Communists incidentally seemed anxious to avoid any open breach with the UN.

Sir Robert Scott expressed the opinion that if this proposal succeeded, the USSR would seek to have the Chinese Nationalists stop their attacks on shipping. The Secretary pointed out that they had already introduced this matter into the UN. [3]

Ambassador Munro expressed the hope of his government that we would be able to "deal effectively" with the Chinese Nationalists. The Secretary pointed out that we had persuaded them to stop bombing Amoy and that they had been very cooperative. While we are not able to give orders either to Rhee or Chiang Kai-shek, the latter nevertheless has been cooperative in most matters.

At the close of the meeting, Ambassador Munro expressed the hope that New Zealand and the UK could be kept informed of the military situation affecting Quemoy and the off-shore islands. It was agreed that the U.S., the U.K. and New Zealand would keep in

[3] On Sept. 30, the Soviet Delegation at the United Nations had requested the inclusion on the General Assembly's agenda of an item entitled "Violation of the freedom of navigation in the area of the China seas"; the request referred to the seizures of the *Tuapse*, the *President Gottwald*, and the *Praca* and stated that the guilty parties were "not only the Chiang Kai-shek forces but also those who encourage them." For text of the Soviet request, see UN document A/2741.

close touch on this subject. With a view to speeding up preliminary arrangements and in order to make certain that the three governments would be in a position to move rapidly once it was decided to refer the matter to the Security Council, it was agreed that a small "working level group" should be constituted in Washington without delay. It was agreed that in the interests of security this group should be restricted to one or two persons from the two Embassies and the Department and that the work on which they were engaged should be kept most confidential.

No. 318

793.00/10–554

The Secretary of State to the President [1]

TOP SECRET [WASHINGTON,] October 4, 1954.

Have developed with friends the possibilities of taking to UN the subject we discussed at our Denver meeting September 12. Our friends feel that in view of possible leaks and also because of inherent hazards, we should move promptly, and I am inclined to agree. However, there is the question of whether we should first consult with some Congressional leaders and also question of whether action should be taken during campaign. I feel that the action loses much of its persuasiveness and genuineness if we should delay another month, and also events may not permit of this. Therefore, I am disposed to agree to going ahead. It is hard for me to believe that it will have any adverse effect, and indeed the effect might be favorable on net balance.

On question of whether we should consult with one or two leaders, I expect to get Nixon's opinion tomorrow morning. Is there any other opinion you would desire? I see considerable practical difficulties in doing this and almost certainty of leak. Am disposed myself to prefer informing them shortly before the event, giving reasons for the move but not attempting personal explanations.

I will telegraph you again after hearing from Nixon.

JOHN FOSTER DULLES

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[1] Drafted by Dulles; headed "Telegram to be sent to the President (Personal)." The source text is filed with a copy of the memorandum by Dulles, *infra*.

No. 319

794A.5/10-554

Memorandum by the Secretary of State [1]

TOP SECRET [WASHINGTON,] October 5, 1954.

On Monday evening, October 4, I despatched the annexed telegram [2] to President Eisenhower following the talk which we had had with Ambassador Munro of New Zealand and Minister Scott of the British Embassy.

On Tuesday morning at 10:30, I spoke on the telephone to Vice President Nixon. He expressed the view that we should approve New Zealand proceeding to bring the matter to the attention of the Security Council. He said he did not think that, under the present campaign situation, it was practical to have a bipartisan consultation of Congressional leaders, but that he felt that it would be useful a few hours before New Zealand moved to let Senator Knowland know of the proposed move and the reasons therefor and to ask his support of our own endorsement of this New Zealand move.

At 11:00 a.m. I talked on the telephone with the President. He had read my telegram to him, referred to above. He expressed the opinion that since New Zealand was taking the initiative in this matter, there was no reason to have a Congressional consultation. He also expressed the view that it would be sufficient for me to advise Senator Knowland in advance. I then told him of my telephone conversation with Nixon and that Nixon took the same view which the President had expressed and which I had suggested in my telegram.

The President authorized us to indicate to the New Zealand Government that if they proceeded promptly in this matter, we would indicate our support of the Security Council taking jurisdiction of the question and requesting a cessation of hostilities in and about the off-shore islands.

JFD

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[1] Drafted by Dulles.

[2] *Supra.*

No. 320

793.00/10-554: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

TOP SECRET NIACT TAIPEI, October 5, 1954—4 p.m.

244. Eyes only for Assistant Secretary Robertson and Drumright. Department's 201 [1] re decision submit offshore islands question to UNSC studied most carefully by Cochran and myself. Inability discuss it with Chase and Duggan is handicap and it is also difficult foresee all aspects of Chinese reaction. In latter regard, seems only prudent to expect violently unfavorable reception. Within these limitations, following comments are offered:

1. Unless other offsetting steps are taken previously or concurrently it may be anticipated Government of Republic of China will regard action as another Yalta by which free China, this time at British behest, is to be sold down river as result of secret deal made behind Chinese backs.

2. Placing offshore islands question before UNSC presumably will be interpreted by GRC not only as intended appease UK, which to them synonomous with appeasing Communists, but also as evidence of US desire evade direct responsibility for these islands. (Chinese Communists might be expected take similar view.)

3. If initial effect of step is to discourage GRC and encourage Communists, conquest by latter of some or all of islands might be precipitated. Chinese probably would not expect US to take effective action while matter before SC and certainly no one else would help GRC hold or retake islands.

4. GRC almost certainly will regard US connection with submission of matter to SC as complete reversal of US policy from 1950 to date which has encouraged "limited offensive" against China mainland from islands in question. Next step in Chinese thinking would be that US preparing to abandon any intent to give GRC offensive capabilities, even most limited, which in turn would be taken to imply definite US acquiescence in a Communist conquest of China mainland and eventual liquidation of free China—a retreat from containment to appeasement.

5. Chinese unlikely be attracted by alternative of possible procedural victory for them in UNO as against almost inevitable opening up new and fertile fields of opportunity for Communists to exploit situation inside and outside UNO.

6. In sum, GRC probably would see as primary US motive appeasement of UK and hence of Communists, with all but disastrous psychological and perhaps military results to free China and corresponding benefits to Reds.

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[1] Document 313.

Since step in question apparently already agreed upon, there remain only considerations of timing and of possible previous or concurrent action which might mitigate effects or even for longer term tip balance in favor of United States and free China. Following recommendations are in this sense:

a. Reassurance that prospective action does not forecast lessening of US determination to help defend free China could be accomplished by nothing less than immediate undertaking to sign mutual security pact covering Formosa, Pescadores and, in appropriate fashion, other areas under GRC control.

b. Reassurance that US does not acquiesce in Communist conquest of mainland China and does not exclude possibility of its eventual liberation would best be conveyed by immediate allocation of increased aid to free China for fiscal year 1955 (over fiscal year 1954) sufficient to permit significant expansion of military program (reserve training, et cetera) in manner at least comparable to Korea. All official information so far relayed to GRC suggests cut in aid for fiscal year 1955, with depressing effect which would be compounded by impending action in United Nations Organization.

c. GRC should be informed soonest of prospective step in UNO, before leak occurs in manner suggesting consultation rather ex post facto notification but not before a and b (above) acted on.

I am on record in Department as unenthusiastic about guerrilla raids against mainland since Korean armistice ended their diversionary value. I believe development of significant offensive power on Formosa, which it might never be necessary to use, would have far more influence on events behind Curtain, on offshore islands and Far East as whole than any feasible guerrilla or commando operations or bootleg blockade conducted from islands by GRC. (It appears implicit in US agreement to submit islands question to SC that guerrilla activities must be liquidated completely before such submission.)

On assumption impending action in UNO more likely to precipitate successful Communist operations against islands than otherwise, I recommend postponing such action until November, when weather more favorable to defense, and in any case until steps a and b (above) have been taken. Course of events in all probability will compel US to take these steps eventually. Why not now?

RANKIN

No. 321

S/S–NSC files, lot 63 D 351, NSC 146 Series

Memorandum by the Secretary of Defense (Wilson) to the Special Assistant to the President for National Security Affairs (Cutler) [1]

TOP SECRET WASHINGTON, October 5, 1954.

Subject: Paragraph 10, NSC 146/2, "U.S. Objectives and Courses of Action with Respect to Formosa and the Chinese Nationalist Government".

I am attaching for your information a copy of the comments of the Joint Chiefs of Staff on the above subject.

I have also forwarded to you a memorandum in regard to our NSC policy with respect to Formosa.

I am not in full agreement with the recommendations of the Joint Chiefs of Staff in regard to their views as outlined in the attached memorandum and will be prepared to discuss this matter at the NSC meeting on Wednesday, October 6th.

In view of the nature of the agenda for the NSC meeting on October 6th, I recommend that the Secretaries of the military departments and the Joint Chiefs of Staff be invited to attend this meeting.

C. E. WILSON

[Attachment 1]

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Wilson)

TOP SECRET WASHINGTON, 1 October 1954.

Subject: Paragraph 10, NSC 146/2, "U.S. Objectives and Courses of Action with Respect to Formosa and the Chinese Nationalist Government"

1. This memorandum is in response to a memorandum by the Assistant Secretary of Defense (ISA), dated 28 September 1954, [2] subject as above, which informed the Joint Chiefs of Staff that the President, for the time being, has suspended that portion of paragraph 10, NSC 146/2, which provides that the United States should "encourage and assist the Chinese Nationalist Government . . . [3] to

[1] Circulated to the National Security Council with a covering memorandum of Oct. 5 from Lay.

[2] Not printed, but see Cutler's memorandum to Dulles, Document 303.

[3] Ellipses in this document are in the source text.

raid Chinese Communist territory and commerce." The memorandum requested the views of the Joint Chiefs of Staff as to (a) the advisability of making this suspension permanent and (b) the general desirability of lessening the chances of Chinese Nationalist actions provoking increased hostilities with the Chinese Communists.

2. The Joint Chiefs of Staff are of the opinion that the question of whether the foregoing suspension is to be made permanent should be decided in the light of the over-all policy which the United States elects to adopt toward Communist China. The statement of policy contained in subparagraph 1 c, Section I, of NSC 5429/2 (Communist China), which is quoted below, awaits further consideration in light of review by the Secretary of State and report to the NSC, which report has yet to be made:

"1. Reduce the power of Communist China in Asia even at the risk of, but without deliberately provoking, war:

"a. . . .
"b. . . .
"c. Maintaining political and economic pressures against Communist China, including the existing embargo and the support for Chinese Nationalist harassing actions."

The course of action set forth in paragraph 10 of NSC 146/2 (in effect since 6 November 1953) is consistent with the foregoing United States policy, which while tentatively adopted on 20 [*18*] August 1954, still awaits review and report to [*by*] the Secretary of State. Further, the raiding of Chinese Communist territories and commerce provided for in NSC 146/2 represents about the only harassing action now open to and within the competence of the Chinese Nationalist forces.

3. In terms of positive results, the raids on the Chinese mainland, and the threats of such raids, are factors which have contributed substantially to the buildup of a system of defenses along the Fukien and Chekiang coasts and to the immobilization of troops in significant strength in manning those positions. The raids have provided valuable combat training and experience for the Chinese Nationalist forces involved, and have been the source of intelligence regarding Chinese Communist activities, strength, and dispositions.

4. Raiding of Communist shipping bound for Communist China ports has, from the standpoint of the Chinese Nationalists, more than justified the efforts and resources expended. The confiscation of valuable cargoes has deprived the Chinese Communists of badly needed commodities and equipment. Of greater importance, however, has been the impact upon the pattern of seaborne traffic to the Chinese Communist ports. Since early 1953, shipping has from time

to time been diverted from ports of destination to Whampoa (Canton) for discharge, and weeks have elapsed before North China port calls were resumed. Since June 1954, no merchant ships loaded from Communist ports in Europe have delivered any cargo to Communist China ports north of Canton. The port of Whampoa has become so congested as to result in turn-around delays of from 25 to 30 days and it has been necessary to resort to use of junks, lighters, and other forms of floating storage, in order to avoid greater turn-around delays and demurrage costs. The problem for Communist China has been complicated further by the necessity of relying to a greater extent upon shipments by rail north from Canton and from the USSR, thus placing additional burdens on an already overtaxed rail system.

5. The scope and tempo of the foregoing raids are subject to the guidance and control of the United States. As indicated in paragraph 13 of NSC 146/2, the Chinese Nationalist Government is committed to refrain from any such operations which are considered by the United States as inimical to the best interests of the United States.

6. The Joint Chiefs of Staff are of the opinion that a categorical answer to the question of whether it is desirable to lessen "the chances of Chinese Nationalist actions provoking increased hostilities" would not be meaningful. The answer must be related to the course the United States intends to follow in dealing with the problem of Communist China. The application of a positive policy, such as has obtained until now, inherently involves certain risks, including the risk of increased hostilities. These risks can and have been minimized by the judicious exercise of the United States prerogative of guiding and controlling the scope and tempo of Chinese Nationalist offensive operations. If, on the other hand, the United States were now to decide that these risks are unacceptable and that a more conservative approach should be adopted, its new position should be reflected in a general revision of United States policy in the Far East rather than in isolated action to impose permanent restrictions upon certain operations of the Chinese Nationalists which would tend to undermine their will and capability of resisting further Chinese Communist aggression.

7. In the light of all of the foregoing, the Joint Chiefs of Staff recommend against the permanent suspension of the policy set forth in paragraph 10 of NSC 146/2 with respect to United States

encouragement and assistance to the Chinese Nationalist Government to raid Chinese Communist territory and commerce.

For the Joint Chiefs of Staff:
ARTHUR RADFORD
Chairman
Joint Chiefs of Staff

[Attachment 2]

Memorandum by the Secretary of Defense (Wilson) to the Special Assistant to the President for National Security Affairs (Cutler)

TOP SECRET WASHINGTON, October 5, 1954.

1. Our present NSC policy in regard to Formosa, in particular paragraph 10 of NSC 146/2, seems to me to be out of date. Our position could be defended while the Korean War was going on and perhaps as long as the war in Indo-China continued, but does not seem to me to be sound now and is likely to actually lead to a war with China. These policies should be reviewed and brought up to date.

2. The off-shore islands and our confused policy regarding them (at least confused in some people's minds) have real possibilites of precipitating a war with China.

3. I understand the present position in regard to Formosa and the Pescadores has developed through the following sequence of events:

December 1, 1943—Roosevelt, Churchill, and Chiang went on record at Cairo as favoring the return of Manchuria, Formosa, and the Pescadores to the Republic of China. [4]

July 1945—Reaffirmation of the above at Potsdam. [5]

October 25, 1945—National Government took over Administration of Formosa after 50 years of Japanese occupation.

December 10, 1949—President Chiang set up his government in Taipei after the defeat of the Nationalists on the mainland. [6]

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[4] For text of communiqué agreed upon by President Franklin D. Roosevelt, Generalissimo Chiang Kai-shek, and Prime Minister Winston Churchill at the Cairo Conference and released to the press on Dec. 1, 1943 (Cairo Declaration), see *Foreign Relations*, The Conferences at Cairo and Tehran, 1943, p. 448.

[5] The text of the proclamation issued on July 26, 1945, at Potsdam by President Truman, President Chiang, and Prime Minister Churchill, which reaffirmed the terms of the Cairo Declaration, is in *Foreign Relations*, The Conference of Berlin (The Potsdam Conference), 1945, vol. II, p. 1474.

[6] The Nationalist Government began functioning in Taipei on Dec. 9, 1949; for related documentation, see *Foreign Relations*, 1949, volumes VIII and IX.

January 5, 1950—President Truman ordered neutralization of Formosa. [7]

September 1951—Japanese Peace Treaty signed, formalizing the Cairo and Potsdam declarations with respect to Formosa. [8]

February 1953—President Eisenhower deneutralized Formosa and guaranteed protection by 7th Fleet. [9] (It is my understanding that this last decision also affected the degree to which U.S. military assistance material to the Chinese nationalists could be used in defense of the off-shore islands.) [10]

While these points may overly simplify the matter and there may be a considerable legal and technical position in regard to Formosa and the Pescadores which is distinctly different from the off-shore islands, I think the thing should be very carefully looked over from this angle. Consideration might be given to putting Formosa and the Pescadores under the mandate of the United Nations or setting them up as an independent, autonomous State.

4. If the course of action proposed by the Secretary of State and listed in NSC record of action #1224, sub-paragraph b, [11] does not work out or introduces unacceptable complications, then some other plan must be worked out, giving thorough consideration to Items 1, 2 and 3 of this memorandum in order to implement paragraph 9 of NSC 146/2.

C.E. WILSON

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[7] Reference is to President Truman's statement of June 27, 1950 cited in footnote 3, Document 20. Truman's statement of Jan. 5, 1950, declared that the United States would not pursue a course of action which would lead to involvement in the Chinese civil conflict; for text, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1950,* pp. 11–12.

[8] In the Japanese Peace Treaty, Japan renounced all claim to Formosa and the Pescadores, but the treaty, unlike the Cairo Declaration, did not indicate the further disposition of those territories.

[9] See the extract from the President's message to Congress, Document 75.

[10] The available documentation on this subject is contradictory. See telegram 813 to Taipei, Document 24; telegram 546 to Taipei, Document 79; and the exchanges of telegrams between Washington and Taipei in July 1953, Documents 122–127 *passim.*

[11] See footnote 9, Document 293.

No. 322

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 216th Meeting of the National Security Council, Washington, October 6, 1954 [1]

[Extracts]

TOP SECRET EYES ONLY

Present at the 216th meeting of the Council were the Secretary of State, presiding; the Secretary of Defense; the Director, Foreign Operations Administration; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Attorney General (for Item 4); the Director, Bureau of the Budget; the Secretary of the Army; the Secretary of the Navy; the Secretary of the Air Force; the Chairman, Joint Chiefs of Staff; the Chief of Staff, U.S. Army; Admiral Duncan for the Chief of Naval Operations; the Chief of Staff, U.S. Air Force; General Twining for the Commandant, U.S. Marine Corps; the Director of Central Intelligence; the Assistant to the President; Robert Cutler, Special Assistant to the President; Robert R. Bowie, Department of State; the Executive Secretary, NSC; the Deputy Executive Secretary, NSC; the Coordinator, NSC Planning Board Assistants.

Following is a summary of the discussion at the meeting and the main points taken.

1. Significant World Developments Affecting U.S. Security [2]

. . . . . .

Mr. Dulles then indicated the belief of the Defense Minister of the Chinese Nationalist Government that a Communist assault on the Quemoys was now a distinct possibility. There was also a good deal of Communist activity in the area of the Matsu Islands. This situation was always critical because it would be so easy for the Communists to seize this group of islands at any time. There was also increased Communist activity in the Tachens area. The Communist build-up around the Tachens seemed actually greater than that around the Quemoys. In brief, concluded Mr. Dulles, within a week or two, Communist strength could be brought to bear on any one of these three island areas, but there was no hard evidence of immediate likelihood of attack.

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[1] Drafted by Gleason on Oct. 7.

[2] This portion of the memorandum summarized an intelligence briefing by Allen Dulles; only those paragraphs pertaining to China are printed here.

Mr. Dulles stated that the celebration of the anniversary of the Communist conquest of China had reached its peak the last day or two in Peking. Khrushchev's speech regarding the liberation of Formosa had sounded dramatic, but CIA is inclined to look on Khrushchev as rather a brash fellow who for some reason is permitted a lot of latitude by Malenkov. Accordingly, this rather extreme statement by Khrushchev in support of Chinese Communist aspirations respecting Formosa should be taken with a grain of salt. It was not as significant as what Malenkov might say on the same subject.

. . . . . .

3. Review of U.S. Policy in the Far East [3] (NSC 5429/2; NSC Actions Nos. 1148 and 1206; [4] Note on Revision of Annex A to NSC 5429/ 2, dated October 1, 1954 [5])

. . . . . .

After the Council had agreed to the creation of the *ad hoc* committee and had accepted a statement of its terms of reference, [6] Mr. Cutler said that he wished to move on to the larger consideration of United States policy respecting China and United States policy with respect to the offshore islands and to Formosa, which were scheduled subsequently on the agenda.

Mr. Cutler pointed out that the courses of action on page 3 of NSC 5429/2 (Review of U.S. Policy in the Far East) were inconsistent with paragraph 10 of NSC 146/2 (U.S. Objectives and Courses of Action With Respect to Formosa and the Chinese Nationalist Government). Moreover, they were not in tune with NSC 166/1 (U.S. Policy Toward China). The courses of action on page 3 of NSC 5429/2 were more belligerent in tone than were the corresponding courses of action in NSC 166/1. After illustrating his contentions by reading the pertinent paragraphs from these policy reports, Mr. Cutler inquired of the Secretary of State whether he was prepared to report to the Council his final decision with respect to U.S. policy toward Communist China called for by NSC Action No. 1206–e.

Secretary Dulles replied that he was not as yet ready to report to the Council the final results of his review of the statement of policy on Communist China contained in NSC 5429/2. He was prepared, however, to make some preliminary comments if the Council

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[3] The first portion of the summary of discussion under this agenda item concerned a proposal for an economic grouping of free Asian nations; for text, see vol. XII, Part 1, p. 927.

[4] For NSC Action No. 1148, see Document 208; for NSC Action No. 1206, see footnote 15, Document 256.

[5] Not printed.

[6] Reference is to NSC Action No. 1233–a; see footnote 7 below.

thought these would be useful. He added that in so significant a field of policy it was of doubtful value to come to any decision in the absence of the President.

Secretary Dulles then pointed out that paragraph 1-a of the policy on Communist China, set forth on page 3 of NSC 5429/2, read as follows:

"Reduce the power of Communist China in Asia even at the risk of, but without deliberately provoking, war:

"a. (1) React with force if necessary and advantageous to expansion and subversion recognizable as such, supported and supplied by Communist China."

Secretary Dulles indicated that he doubted whether paragraph 1-a as read offered a very useful formulation of policy. The word "lawful" should be added alongside of "necessary and advantageous". It was wrong to decide in advance to take bold actions which the Executive Branch cannot carry out without going to Congress. Furthermore, continued Secretary Dulles, any U.S. action based on Formosa is becoming more and more tenuous as time goes on and the Korean armistice continues more or less in effect. The continuation of this armistice plainly curbs the freedom of the United States to use its armed forces to protect Formosa and the Pescadores. Also, we should give increasing consideration to the conclusion of a security treaty between the United States and Formosa. A purely defensive treaty would have many advantages. Unfortunately, however, the Chinese Nationalists want to go beyond this to take offensive action against Communist China, and this desire greatly complicates the problem of a security treaty.

In various other areas of the world—Germany, for example—we have tried with some success to impose our view that these nations should not resort to armed force to secure their objectives. We have also been successful so far in the same endeavor in Korea. However, it would be much harder to do this in Formosa, since Secretary Dulles said he doubted if Chiang Kai-shek really wanted a purely defensive treaty covering Formosa.

As to paragraph 1-a-(2), which read: "React with immediate, positive, armed force against any belligerent move by Communist China.", Secretary Dulles said he did not know whether this paragraph was supposed to cover the Nationalist-held offshore islands, but in any case he believed that the situation in these islands was not one which called for the use of the armed forces of the United States.

As to paragraph 1-b of NSC 5429/2, which called for the development of political, economic, and military strength of the non-Communist nations, including the military strength of Japan, etc., Sec-

retary Dulles said that he had discussed this matter when he was last in Tokyo. On this occasion he had detected a feeling among the Japanese that we were pressing Japan a bit too hard on her military contribution. We might, accordingly, lose the vital political sympathy of Japan in our effort to get the desired military levels. On balance, this would be a net loss. Accordingly, Secretary Dulles predicted that we might have to lower our sights a bit on the Japanese military contribution. While in Japan the Secretary said he had also noted mounting pressure for wider trade between Japan and Communist China. There was marked resentment over the fact that Japan was singled out for different treatment from the European powers with respect to trade with Communist China. Finally, said Secretary Dulles, it was becoming harder and harder for the United States to hold to its old position against the admission of Communist China to the United Nations. We could probably hold out for a while longer on this position, but certainly not for the indefinite future.

At the conclusion of Secretary Dulles' preliminary observations, Mr. Cutler suggested that the Council defer action on this item and turn its attention to the Chinese Nationalist offshore islands, on which the Secretary of State was also to make a report.

The National Security Council: [7]

a. Agreed to establish an *ad hoc* committee, composed of officials at the Assistant Secretary level from the Departments of State (Chairman), Treasury, Defense, and Commerce, the Foreign Operations Administration, the Office of Defense Mobilization, and the Bureau of the Budget, with the Central Intelligence Agency as intelligence adviser and the Executive Officer, Operations Coordinating Board, as observer, to prepare and submit to the Council proposed courses of action to carry out the broad policy stated in paragraph 3 of NSC 5429/2, with the understanding that:

(1) The work of the committee will not suspend the preliminary actions now underway; but the committee will take into account, and consult with the appropriate departments and agencies regarding, actions being taken prior to its report.

(2) No financial commitments will be made prior to the committee's report without consideration by the Council.

b. Noted the "Note on Revision of Annex A to NSC 5429/2", as distributed at the meeting.

c. Noted the interim comments of the Secretary of State on Part I of NSC 5429/2, relating to Communist China, and deferred further consideration until a subsequent meeting.

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[7] The lettered subparagraphs constitute NSC Action No. 1233. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the National Security Council, 1954")

Note: The action in a above, as approved by the President, subsequently referred to the departments and agencies concerned for appropriate implementation.

4. Chinese Nationalist Offshore Islands (NSC 5429/2; NSC Actions Nos. 1224 and 1228) [8]

Mr. Cutler reminded the Council of the decision taken at the Denver meeting, to authorize the Secretary of State to explore and report back to the Council on the possibility of taking action in the UN to stabilize the *status quo* with respect to the offshore islands (NSC Action No. 1224-b). Mr. Cutler then called on the Secretary of State to report the results of his exploration to date.

Secretary Dulles explained that he had talked this problem over further with Mr. Eden and with the High Commissioner for New Zealand during the course of the London conference. The New Zealand Government, which would have to introduce this proposal in the UN, was very much interested in the idea and was disposed to try to accomplish a neutralization of these offshore islands.

Secretary Dulles added that he had been proceeding since these discussions in London very actively in this matter, and had only yesterday talked with the President and also with the Vice President with respect to the desirability of discussions with members of Congress prior to moving the matter forward in the UN. Both the President and the Vice President, however, had thought discussions with members of Congress on this subject "impractical" prior to the November elections. The President did agree, however, that the United States should move as promptly in this matter as the New Zealanders desired. Accordingly, Secretary Dulles said that he was proposing to discuss further procedure on this problem at the State Department that afternoon. The main difficulty would be the attitude of the Chinese Nationalist Government, which will not like any proposal for neutralization of the islands because such a proposal would tend to reduce the chances of spreading the present conflict into a war with Communist China in which the United States would be involved. This, after all, is Chiang's only hope of returning to the mainland.

It was equally clear, continued Secretary Dulles, that the Chinese Communists will not like the proposed UN neutralization of the Nationalist-held offshore islands. For this reason the Nationalists would actually be smart to let us play it this way while holding aloof themselves. The odds are overwhelmingly against acceptance by the Chinese Communists of any UN solution neutralizing the

[8] For NSC Action No. 1224, see footnote 9, Document 293; for NSC Action No. 1228, see footnote 4, Document 302.

offshore islands. Refusal to accept the UN verdict would put the Chinese Communists in a very bad light before the rest of the world.

In any case, said Secretary Dulles, we must be prepared for whatever might happen, and he said that he had at hand a draft of a possible message for the President to send to the Generalissimo which he hoped that Mr. Cutler would take out to the President at Denver when he left later in the day. Secretary Dulles inquired whether the Council wished him to read this draft message, which the Council requested he do (copy filed in the minutes of the meeting). [9]

When Secretary Dulles had finished reading this message, Mr. Allen Dulles inquired about the timing, and Secretary Dulles replied that it would be sent, if the President approved, just before the matter was submitted in the UN. Secretary Humphrey inquired of Secretary Dulles whether he would be willing to read the contents of this proposed message on the front pages of the daily newspapers, because, said Secretary Humphrey, it would hit the first page very shortly after it got to the Chinese Nationalists.

Secretary Dulles said that he would be quite prepared to read the contents of this message on the front page, since he believed that the course of action that was outlined in the message (namely, the proposal for UN action to neutralize the offshore islands) would be firmly supported by the Congress and the people of the United States. There were, after all, only a handful of people in the United States who really wanted us to get into a full-scale war with Communist China over these islands.

Secretary Humphrey and Secretary Wilson expressed firm agreement with Secretary Dulles on this point, and Secretary Wilson added that the moment was certainly at hand for a complete new look at our policies in the Far East. They were in effect, he said, now nothing but "a lot of doubletalk". Agreeing with this, Secretary Humphrey added that we are obviously heading for a genuine decision as to what we are going to do with respect to Communist China and the Far East. Thus far we had simply been temporizing, and if we continued to temporize we would most certainly get burned.

Mr. Allen Dulles expressed the opinion that, with regard to the Nationalist-held offshore islands, "our bluff might be called any time in the course of the next month."

The Attorney General inquired whether, on the assumption that we did bring this issue before the United Nations Security Council, we could get a favorable vote for the neutralization of these is-

[9] Not attached to the source text, but see footnote 1, Document 334.

lands. Secretary Dulles replied in the affirmative, and stated that the Soviets would probably veto the proposal, that Lebanon would abstain, but that the remaining members of the Security Council would vote in favor of the resolution to neutralize.

Governor Stassen expressed the view that the idea of a UN neutralization was a very good proposal, but he believed that the Soviet Union was quite likely to accept it rather than to veto it, and would thereafter exploit the possibilities offered by the long and involved series of negotiations. The Soviet objective would be to provide an entering wedge to move Communist China into the UN. Governor Stassen went on to state that in his opinion the best way to avoid a general war with Communist China was to have it understood clearly that there were certain issues that you are prepared to go to war about.

Secretary Humphrey said that what we ought to do is to clean up the soft spots in our policy with regard to Communist China and the Far East, and to get out of those areas in Asia which we don't genuinely intend to stay in and fight for.

Secretary Wilson thought that the danger in getting the offshore island problem before the UN was that in this process Formosa and the Pescadores would also be injected into the UN process. Governor Stassen agreed, and said that more than Formosa might be involved. This might open the door to Communist China's admission to the UN and "all the rest of it."

Secretary Dulles replied to this argument by pointing out that the British Government was committed to backing up the U.S. position with respect to holding on to Formosa and the Pescadores. The British, however, felt very differently about the offshore islands. Moreover, continued Secretary Dulles, we still had a position on and an interest in the disposal of Formosa. He was confident, therefore, that there would be no successful effort to drive the United States out of Formosa in any UN negotiations, although he admitted that the Chinese Communists would certainly try to do so.

The Attorney General inquired of Secretary Dulles whether, if this proposed resolution was successfully passed in the UN and thereafter the Chinese Communists nevertheless attacked the offshore islands, the United States would be committed to defend these islands with its armed forces. Secretary Dulles replied that we would not be *committed* to use our forces to defend these islands, but if we should decide that we wished to resort to this expedient, we would at least do so with some degree of UN support, which we certainly did not have at the present time.

Secretary Humphrey called for a very methodical appraisal of all the implications of getting into trouble with Communist China over

these small islands—for example, the effect on the Congress and on the people of the United States. If we can find a good alibi to get disengaged from these small islands, we should make use of this alibi and get out. Indeed, we should only stay in any area in the Far East where we decide in advance that it is in our interest to stay. Certainly, said Secretary Humphrey, we do not want to go to war with Communist China over Quemoy Island, even under the umbrella of a UN resolution. This is the real question.

Admiral Radford inquired of Secretary Humphrey whether he was willing to give up Formosa in order to avoid war with Communist China. Secretary Humphrey replied that he did not know the answer to Admiral Radford's question. It might even be desirable to go to war for Quemoy. All he was asking was that the National Security Council be sure in advance precisely what it was prepared to fight for. Admiral Radford replied that all of this, of course, was part and parcel of the great global Communist offensive. You can't decide what you are going to do with regard to individual cases like the offshore islands without having made a decision on the big show—in other words, what is to be our attitude toward the total Communist offensive. To this, Secretary Humphrey responded by stating that it was precisely this decision which he believed we ought to make up our minds about. Perhaps the best way to avoid war with China was to inform China clearly that we will defend Formosa, Quemoy, or whatever other places we felt were vital.

Dr. Flemming said that as he had understood the decision taken at the Denver meeting, the Secretary of State had been authorized to explore the possibilities of a UN solution. If the UN did act favorably and the Chinese Communists nevertheless attacked these islands, the United States would at least not be taking a unilateral action in defending them. It seemed to him, said Dr. Flemming, that this was still a pretty sensible course of action, and that we ought not to back away from it simply from fear that the Chinese Communists would attack the offshore islands despite a UN resolution calling for the maintenance of the *status quo*.

The National Security Council: [10]

a. Noted the oral progress report by the Secretary of State on the results of his activities pursuant to NSC Action No. 1224–b, and the possible difficulties which may arise in this connection.

b. Agreed with the recommendation of the Secretary of State to proceed with the action contemplated in NSC Action No. 1224–b.

c. Discussed a draft statement to the Chinese National Government advising them of the action in b above, as read at the meet-

[10] The lettered subparagraphs constitute NSC Action No. 1234. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the National Security Council, 1954")

ing by the Secretary of State; and concurred in its appropriate use, with the understanding that at least certain parts thereof would be communicated only orally.

Note: The actions in b and c above, as approved by the President, subsequently transmitted to the Secretary of State for implementation.

5. *U.S. Objectives and Courses of Action With Respect to Formosa and the Chinese National Government* (NSC 146/2, paragraph 10; memos for NSC from Executive Secretary, same subject, dated September 28 and October 5, 1954; [11] NSC Actions Nos. 1224 and 1228)

Mr. Cutler explained that he did not wish to interrupt the preceding discussion, but merely wanted to remind the Council that the next item, regarding Formosa, was very germane to the general problem of Communist China and to the specific problem of the proposed message from the President to the Generalissimo. Mr. Cutler then read paragraph 10 of the policy on Formosa (NSC 146/2), as follows: "Without committing U.S. forces, unless Formosa or the Pescadores are attacked, encourage and assist the Chinese National Government to defend the Nationalist-held offshore islands against Communist attack and to raid Chinese Communist territory and commerce." Mr. Cutler then pointed out that the injunction in paragraph 10 with respect to raids on Chinese territory and commerce had been temporarily suspended by the President, and further noted the views of the Joint Chiefs of Staff and of Secretary Wilson, which differed as to the wisdom of making such suspension permanent. The Joint Chiefs of Staff were opposed to permanent suspension of the raids, whereas Secretary Wilson favored it.

After Mr. Cutler's introductory remarks, Secretary Humphrey inquired whether all this did not really bring the Council down to the very serious question which was before it. If war with Communist China is really inevitable, should we now not determine to start a roll-back of Chinese Communist power in Asia? The longer we allow the Chinese Communists to roll us back, the worse will be our position when we face the inevitable showdown and war. If, on the other hand, a war with Communist China is not inevitable, should we not avoid all these minor quarrels and battles in which we are constantly involved by our present policy with respect to Communist China? This was the great question.

Secretary Wilson said that as he saw it, the United States was confronted in Asia by the collapse of colonialism and the end of

[11] Regarding Lay's Sept. 28 memorandum, see footnote 5, Document 303; concerning his Oct. 5 memorandum, see footnote 1, *supra*.

white supremacy. We finally got an armistice in Korea, said Secretary Wilson, because this seemed the right course of action to U.S. and to world opinion. We then looked at the crisis in Indochina and we talked "very big" about it, but when the showdown came we decided not to go in. Now we're talking big again about the offshore islands. The real thing we ought to do, however, is to clean up the past of World War II and make a new and fresh start with Asia. These offshore islands, which had always been a part of China, are likewise part of the aftermath of the Chinese Revolution. We are in danger of making a great mistake about this. "I think if I were top man in China I'd grab one of these Nationalist-occupied islands and sit there on it in order to see what the United States would do. If I were top man in Russia I would encourage Mao to do this very thing, because nothing would be so good for Russia as to get the U.S. involved in a war with Communist China. At Denver I had an idea of how to settle the problem of the offshore islands which I didn't mention because of Secretary Dulles' proposal. I would like to mention it now. It was the idea that if the United States is the real power in the Pacific and has the courage to say and do what it thinks right, we may be able to bring peace to Asia. What I propose, then, is that we tell the Gimo that we will not back him up in defending the off-shore islands, and that we try to get him to remove his troops from these islands. In return for this we tell him that we will sign a treaty with him to defend Formosa and the Pescadores. This kind of action would get much more U.S. and world support than would our getting involved in war with China. Chiang Kai-shek, of course, wants to regain mainland China, but he just isn't capable of doing it. He is out. You cannot run China without some kind of dictatorship, and we ought not to get into a war with Communist China until we know how we will end the war and who will govern China after the war is finished."

Secretary Wilson concluded with a repetition of his worry that solution of the offshore island problem along the lines sought by Secretary Dulles for UN action, would endanger our hold on Formosa.

Governor Stassen commented that we were not giving sufficient attention to the world-wide implications of the things we had been discussing. As he saw it, said Governor Stassen, approximately one-third of the world is standing on the sidelines trying to decide whether to join the free world or the Communist world. If we always seem to be afraid, we will lose this third of the world. The victories we have already achieved are significant, but let us not back away from danger now.

Secretary Wilson replied that he could see no gain in encouraging these Formosa Nationalists to act like a gang of pirates. We

never once made use of the Chinese Nationalist troops in the two wars in Korea and Indochina. Maybe it was the wrong decision not to use the Chinese Nationalist forces, but the fact of the matter was we didn't. "Accordingly, I can't just see where we're going now except into war with China."

Dr. Flemming said that the real issue behind all this discussion was set forth in paragraph 1-a of NSC 5429/2. Did we really believe what was said in this paragraph? Dr. Flemming said that he, for one, did believe these words.

Secretary Humphrey agreed with Dr. Flemming that at least paragraph 1-a of NSC 5429/2 was the crux of the problem. Was it better for the United States to try to go back into mainland China and roll back the Communist power, or not? Suppose we elected to do just this and go to war with China; then what do we do? Or, on the contrary, would it be better to get altogether out of Asia? Just exactly how serious would it be for the vital interests of the United States if all of Asia went Communist—Japan, the Philippines, "the whole works"?

After a moment, Governor Stassen replied that the result would be an unfriendly Pacific up to our very shores. In the forward surge of a Communist victory in all Asia, the United States would shortly lose all of Latin America.

Dr. Flemming said that this was certainly the issue: Do we sit back and hand over all Asia to the Communists? He did not think that we could do this and survive, and it was for this reason that he preferred the policy in paragraph 1-a.

Secretary Dulles said that we were now back where we were in Denver. At that time the President made it clear that he was not ready to use the armed forces of the United States for the defense of these islands. Accordingly, we had the option of either abandoning these islands altogether or of trying to save them by resort to the UN expedient. You can talk all you want of the bad effect on Asia if the United States does not fight to defend these offshore islands, but you say nothing about the bad effect on Europe if we do undertake to fight to hold these islands. Secretary Dulles warned that we would be in this fight in Asia completely alone. Europe could be written off in such a contingency. Accordingly, all this was not a one-way street. Recourse to the UN for a solution offers a chance to save these offshore islands without becoming involved in an isolated war with Communist China.

Dr. Flemming said that that was precisely why he had personally favored the UN solution proposed by Secretary Dulles.

Secretary Humphrey agreed that the United States must continue to temporize on the issue of the islands, but he insisted that we must meanwhile settle the larger problem, of which these islands

were a part. If our real objective is to recapture China and remove the Communist regime, that was one thing. If not, it was quite another.

Mr. Cutler pointed out that we had not set for ourselves in our policies the objective of a reconquest of China and the destruction of the Communist regime.

Dr. Flemming said that if the President decided to send this draft message to the Generalissimo, he would not regard such an action as temporizing, but rather would regard it as a course of action designed to reduce the power of Communist China along the lines of paragraph 1-a.

The Attorney General expressed the opinion that the Executive should go to Congress before submitting this proposal to the UN, because the follow-up of the neutralization of these offshore islands might involve the United States in a UN-sponsored war with Communist China.

Secretary Dulles explained that the action anticipated in the UN would be a UN recommendation that the fighting between the Chinese Communists and Nationalists stop and that the *status quo ante* be restored in the offshore islands. This action would either presumably be accepted by the Chinese Communists or else it would be vetoed by the Soviets in the Security Council. This latter action would certainly mobilize a strong public opinion against the Communist world which would be highly advantageous to the United States. If thereafter we finally decided to fight to defend these offshore islands, we should at least be in a better world position to prosecute the war. To his mind, continued Secretary Dulles, such a course of action was at least the best in this sense—namely, as regarded the probable attitude of the Generalissimo. If he falls from power this would be a disastrous course of action for him and would end all his hopes of returning to the mainland. Perhaps under these circumstances Formosa would be lost to the Communists. Secretary Dulles said that of course such a result would be very bad indeed. On the other hand, the Generalissimo's chances of getting back on the mainland were growing dimmer every day. It was his view that if the people of Formosa had complete freedom of choice they would vote to be an independent state. In any event, Secretary Dulles suggested that the Council should authorize him to present this draft message to the President and let the President decide whether we should seek Chiang's approval of the proposal to go to the UN, or merely confine ourselves to discussing this move with him.

Governor Stassen suggested that it might be a good idea to have New Zealand make its move in the UN and thereafter discuss the

proposal with the Generalissimo. This proposal, said Mr. Allen Dulles, would at least save some face.

The National Security Council: [12]

a. Noted and discussed the views of the Joint Chiefs of Staff and of the Secretary of Defense contained in the reference memorandum of October 5, 1954.

b. Deferred further consideration of the suspended portion of paragraph 10 of NSC 146/2, pending consideration of a report by the Secretary of State on Part I of NSC 5429/2 in accordance with Action No. 1233–c above.

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S. EVERETT GLEASON

[12] The lettered subparagraphs constitute NSC Action No. 1235. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the National Security Council, 1954")

No. 323

793.00/10–654

Memorandum of Conversation, by the Deputy Director of the Office of United Nations Political and Security Affairs (Bond)

TOP SECRET [WASHINGTON,] October 6, 1954.

Subject: China Item: Consultations with United Kingdom and New Zealand

Participants: The Secretary
Mr. Phleger, Legal Adviser
Mr. Robertson, Assistant Secretary, FE
Mr. Key, Assistant Secretary, UNA
Mr. MacArthur, Counselor
Mr. Bond, UNP
Mr. Wainhouse, IO (later)
Sir Robert Scott, Minister, British Embassy
Sir Gerald Fitzmaurice, UK Delegation to General Assembly
Miss Barbara Salt, British Embassy
Mr. Foss Shanahan, New Zealand Delegation to UN
Mr. Hunter Wade, First Secretary, New Zealand Embassy
Mr. M. J. C. Templeton, New Zealand Delegation to UN

The Secretary opened the meeting by saying there were several aspects of the China item which he wished to discuss. He said first that we should make every effort to limit the scope of the item to

the Quemoy situation, and to avoid opening up the whole range of problems outstanding between the Republic of China and the Communist Chinese, since any such broad discussion would be bound to reveal embarrassing differences between the United States and the United Kingdom. He anticipated that if the Communist Chinese should accept an invitation to participate in the discussion of this problem in the Security Council, they would make every effort to broaden the question to such an extent that such differences would be apparent. He went on to say that he felt it of the utmost importance to decide among ourselves, before proceeding further with this item, that we would steadfastly resist any such effort to go beyond the immediate subject of our proposed item, adding that, in his approach to this matter, he had from the outset assumed that we would be in accord as to the necessity of such a limitation.

Turning to the specific question of the draft resolution [1] which was before the meeting, he said he felt the operative paragraph of that draft, and in particular the section of that paragraph referring to a "peaceful solution", was too broad since it would open up the entire question of relations between Formosa and Communist China.

He had stated that he had originally been attracted to Chapter VII of the Charter because of the language in Article 40 about "prevent (ing) an aggravation of the situation" through "provisional measures", since he had felt this is what we were trying to do in this case. He raised the question whether this could not be done also under Article 36, and said that if so, he believed we should use this approach.

The Secretary then raised the question of whether the item should be dealt with under Chapter VI as a "situation" or a "dispute". He pointed out that the use of "situation" served to narrow the issue, but that treating the item as a "dispute" would serve the useful purpose of preventing a Chinese veto.

Sir Gerald Fitzmaurice at this point interjected that the UK would prefer to treat the item as a "situation". He pointed out that the Soviets might use the veto in any case and that his Government was therefore not unduly impressed by that particular argument in favor of the "dispute" concept. The latter concept, he added, would raise considerable difficulties for the UK, particularly with respect to the question of who were the disputants. He said that in the view of his Government any "dispute" must be between

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[1] Not attached to the source text. According to a memorandum of Oct. 6 from MacArthur to Dulles, the draft resolution and a draft letter to the President of the Security Council had been prepared by a tripartite working group. (110.11 DU/10–654)

entities entitled to bring matters before the Security Council, i.e., States, and that to allow a non-entity to bring a dispute before the Council would establish a precedent which would have serious implications for the UK in dealing with colonial problems, for example, Malaya.

Mr. Shanahan stated that although Ambassador Munro was still undecided on this point, he himself was impressed by the arguments in favor of the "situation" concept. He added that he felt it particularly important to limit the scope of the problem in order to resist efforts on the part of the Soviets and neutralist Delegations to raise the broader problems of China policy. The Secretary, after consultation with Mr. Phleger, expressed agreement with the point of view that the item should be treated as a "situation", and said he assumed that subject to New Zealand concurrence, we were agreed on this point. Mr. Shanahan said he would refer this matter to his Government.

The Secretary then asked if all those present were in agreement that the scope of the item should be strictly limited to the problem of the fighting in and around Quemoy. After a general indication of assent on the part of those present, Sir Gerald said that although he was without instructions on this point, he regarded such a limitation as essential.

Sir Robert Scott stated that he was not particularly concerned about the introduction of extraneous issues into the debate with the exception of the question of Chinese attacks on shipping in the Formosa straits, which the Soviets have already raised in the General Assembly. There ensued a brief discussion of this problem, at the conclusion of which it appeared to be agreed that although we could not prevent the Soviets from raising this question, we should not allow ourselves to be drawn into debate on this subject in the Security Council.

Mr. Shanahan then raised the question of how we could best prevent the Soviets from gaining a propaganda advantage from our initiative, stating that this appeared to be largely a matter of timing. He suggested in this regard that we might consider stating our public case in the letter to the President of the Security Council, with the thought of releasing it immediately following its submission. The Secretary asked whether we could not accomplish the same result through a press conference, and suggested that the details be worked out in New York.

With regard to the question of timing, the Secretary expressed the view that once the item has been filed, a considerable part of the potential gain will have been achieved, including its deterrent effect upon the Chinese Communists, who might feel that any aggressive action taken at a time when the problem had been placed

before the UN would redound to their disadvantage. He added that consequently he had no strong feeling of urgency concerning the calling of the first meeting of the Security Council.

The Secretary then stated that it had been his understanding in London that the UK proposed to give the Chinese Communists only two or three hours' advance notice of our action in the Security Council, but that he had since understood that the British Embassy was now thinking in terms of two or three days. He expressed the opinion that this would be very dangerous and requested clarification of the British attitude. Miss Salt said that this subsequent suggestion, which she emphasized was not an official position of her Government, represented an attempt to coordinate notice to the Chinese Communists with our proposed notice to the Chinese Nationalists, which she understood we proposed to give two or three days in advance.

The Secretary said this represented a very difficult problem for us. He said that while we could give no water-tight assurances concerning the way in which the Chinese Nationalists would react to knowledge of our intentions in this matter, he regarded it as of the utmost importance that we handle this delicate question in such a way as to discourage them from "flying off the handle", an objective which he said was of particular importance in terms of US public opinion. He went on to point out that the reaction of Chiang Kai-shek and his Government to our proposal might depend in large measure on the manner in which we were to take them into our confidence, and that he therefore would not want to commit the United States Government to giving as little advance notice to the Chinese Nationalists as the British apparently were willing to give to the Chinese Communists. He pointed out that our relations with the Formosa regime were very different from the relations of the UK with the Peking regime, since the US and the Republic of China were close working allies whose relationship involved a degree of intimacy which would preclude our acting without prior consultation with them. The Secretary went on to say that before the US could finally commit itself in this matter, it would have to explore the attitude of its Chinese ally, adding that this would take considerably more than a matter of a few hours to accomplish.

Mr. Shanahan said he was in general agreement with the Secretary's position, in the sense that he felt the US must be given every opportunity to obtain the agreement of the Chinese Nationalists to our proposal, but that Ambassador Munro was particularly concerned with the possibility of leaks arising out of such advance consultation. The Secretary expressed the opinion that it would be possible to handle this problem without a substantial risk of leaks by taking it up personally with the Generalissimo. He concluded by

saying that we must request an opportunity for advance consultations with Chiang Kai-shek and his Government before embarking finally upon the projected course of action in the Security Council.

At this point the Secretary expressed his regrets and took leave of the meeting, which adjourned to reconvene elsewhere. (See additional memorandum of this date.) [2]

[2] A memorandum of Oct. 6 from Key to Dulles reported that, after Dulles' departure, the other participants had tentatively agreed on a timetable calling for submission of the letter to the President of the Security Council on Oct. 14 (provided that the United States could complete its consultations with the Chinese Nationalists by Oct. 12) and had agreed that a draft minute should be prepared in order to prevent future misunderstandings regarding the scope of the item. A revised draft resolution and letter, also tentatively agreed upon, were attached to the memorandum; the operational paragraph of the resolution called upon the People's Republic of China and the Republic of China to terminate hostilities in the Quemoy area "and to seek by peaceful methods to prevent their recurrence." (793.00/10–654)

No. 324

793.5621/10–554

The United States Representative at the United Nations (Lodge) to the Secretary of State

TOP SECRET NEW YORK, October 6, 1954.

DEAR FOSTER: T. F. Tsiang told me today that Chiang Kai-shek had received "several" communications from President Eisenhower requesting him to return the ship *Tuapse.* [1]

He also said that "several Americans" in Taipeh had urged Chiang Kai-shek very strongly to disregard President Eisenhower's messages and to retain the vessel.

When I asked him whether these were official Americans or not, he said that he thought they were not from the American Embassy. But he inferred that they might be connected with CIA.

I felt you should know this. [2]

Faithfully yours,

CABOT L.

[1] No record of any such communications has been found in Department of State files.

[2] Secretary Dulles sent a copy of the letter to Allen Dulles with a covering memorandum, dated Oct. 8, which reads: "I am sending you a copy of the letter which I received today from Cabot Lodge. I know nothing further about this matter." (793.00/10–854)

No. 325

793.5/10-754

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State

TOP SECRET EYES ONLY [WASHINGTON,] October 7, 1954.

Subject: Importance of Immediate Conclusion of Mutual Defense Treaty with the Government of the Republic of China (GRC)

Problem:

For the past seven months the question of a mutual defense treaty with the GRC has been under consideration. The decision to raise the question of the off-shore islands in the Security Council has made settlement of this question a matter of extreme urgency.

Discussion:

In his telegram commenting on the decision to submit the off-shore islands question to the United Nations Security Council (Tab A), [1] Ambassador Rankin stresses that "unless other offsetting steps are taken previously or concurrently it may be anticipated GRC will regard action as another Yalta". Ambassador Rankin believes that the GRC will regard such a move in the UN as appeasement and as a "complete reversal policy from 1950 to date". He feels that the "almost inevitable opening up new and fertile fields of opportunity for Communists to exploit" resulting from such a move would outweigh in Chinese eyes a possible procedural victory for them in the UN.

Ambassador Rankin believes that the disastrous effect on the morale of the GRC and the serious damage to our relations with that Government which would flow from the contemplated action in the UN could only be offset effectively by an immediate U.S. undertaking to sign a mutual defense treaty "covering Formosa, the Pescadores, and in appropriate fashion, other areas under GRC control". He recommends that we notify the GRC of our intention to negotiate the treaty before discussing the prospective step in the UN. Both subjects should be discussed with the GRC as soon as possible.

Conclusion of a mutual defense treaty with the GRC is not only an essential move to offset the effects of the contemplated action in the UN, but is also the best means of deterring a Communist attack against Formosa. As pointed out in my memorandum to you of August 25 (Tab B), [2] the violent Chinese Communist propaganda

[1] Telegram 244 from Taipei, Document 320.

[2] Document 262.

campaign promising "liberation" of Formosa has pointed up the need for making U.S. intentions to defend that territory absolutely clear. This need is further emphasized by recent speeches of Chinese Communist leaders and particularly by the public support given them by N.S. Khrushchev. In the atmosphere created by these speeches it is highly dangerous to allow the Communists any room for doubt that an attack on Formosa will result in bringing into action all U.S. forces necessary for defense of that territory. Although our determination to defend Formosa has been publicly reiterated by both the President and yourself in recent weeks, the Communists cannot but note that despite the known agitation by the GRC for a mutual defense treaty, Formosa remains the only territory in the Pacific island-chain not covered by such a treaty. In fact the Communists in their propaganda have warned the United States not to conclude one. Thus withholding of the treaty could lead to a grave miscalculation by Peiping and Moscow. Conclusion of the treaty on the other hand would make it clear that not merely the 7th Fleet would be involved if Formosa were attacked, a point stressed by Ambassador Bohlen (Tab C).[3]

As to the difficult question of the Chinese territory to be covered by the treaty, FE believes that a sound formula which should be acceptable to the GRC would be one which precisely reflects the existing situation as to U.S. military commitments to that Government. Thus conclusion of the treaty would neither extend our present military commitments nor reduce them. Specific language defining the territorial extent of U.S. military commitments to the GRC is suggested in a draft text of Article IV and a protocol attached as Tab D.[4]

Recommendation:

That you approve negotiation of the mutual defense treaty with the GRC and that President Chiang be informed of this decision at the same time as the contemplated move in the UN Security Council is discussed with him.

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[3] Telegram 483 from Moscow, Document 315.

[4] The tabs are not attached to the source text, but see footnote 1, Document 327.

No. 326

793.00/10–754

Memorandum by the Secretary of State to the Assistant Secretary of State for Far Eastern Affairs (Robertson) [1]

TOP SECRET [WASHINGTON,] October 7, 1954.

I have just spoken to the President with reference to various matters, including the China matter. [2]

1. With respect to the "talking paper", [3] he thought we should introduce it by a statement that we know that certain nations are disposed to take United Nations action.

2. He expressed the view that if Chiang was prepared to assume a defensive posture on Formosa and the Pescadores, we could and should make a security treaty with him. Obviously, this would not exclude operations which we jointly agreed on as in the common interest.

3. He agreed that it would probably be useful to talk to Senator Knowland.

JFD

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[1] Also sent to MacArthur and Merchant.

[2] This conversation was also recorded in a memorandum prepared in the White House and in a memorandum prepared by Phyllis Bernau. The portion of the White House memorandum relating to China reads as follows:

"China question. (Apparently, something Cutler talked over with President.) Pres. said he thinks it was a good approach that Doug (MacArthur) ought to take. Dulles said Roy Roberts [*Walter Robertson*] will go instead of Doug; Roy has much more personal influence. Just this morning, Dulles got disquieting news that Eden may be running out on this. He at first agrees; 2 or 3 days later, 'doesn't know.'

President expressed surprise—said it must be nailed down to 'We agree to so & so . . .' Dulles already told them we have to have an agreed Minute before we start on the thing. If Chiang is willing to go along with this kind of program, we ought to be prepared to consider making some kind of a treaty with him. President agreed." (Eisenhower Library, Eisenhower papers, Whitman file)

The analogous portion of the Bernau memorandum reads as follows:

"Re China—the Pres. agreed with the approach MacA. should take. The Sec. said Robertson may be going. The Pres. said he thought the lead should be—we have learned that nations friendly to us are about to bring this before the SC and so we come to talk about it. The Sec. said he heard some disquieting news that indicates Eden may be running out. However this is not certain. The Pres. said to nail it down. The Sec. said he wants an agreed minute before we start. If China is willing to go along, we should be prepared to consider making some kind of treaty. The Pres. agreed. The Sec. said there is a growing feeling here that perhaps we ought to give Knowland more advance information—the thought is for Robertson to talk to him on the way out. The Pres. agreed." (Eisenhower Library, Dulles papers, "Telephone Conversations")

[3] The "talking paper" was intended for use by Robertson or MacArthur in direct discussion with Chiang Kai-shek in Taipei; this was apparently the draft message originally intended to be sent from Eisenhower to Chiang. See footnote 1, Document 334.

No. 327

793.5/10–854

Memorandum by the Secretary of State to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

TOP SECRET [WASHINGTON,] October 8, 1954.

I have your memorandum of October 7, 1954. As you will have seen from my talk with the President, he is agreeable in principle to our negotiation of a security treaty with the Nationalist Government. This treaty, however, should make it clear that it is truly a defensive treaty and that we are not going to defend our partner while our partner attacks.

Perhaps Article 1 of your proposed treaty [1] covers this, although I think there would have to be an interpretive exchange of letters to the effect that the parties recognize that relations between the treaty area and other areas are "international" relations for the purposes of Article 1.

With respect to the territory covered, the original draft of Article 4 [2] would cover the offshore islands. The proposed protocol [3] to Article 4 would raise a serious ratification problem if it meant that the President could alone decide for the United States what would be the additional territory to be covered. I believe that just as Senate approval is required to extend the North Atlantic Treaty area, so Senate approval would be required to extend the treaty area under the proposed treaty. This would in effect mean that the treaty area could not be extended by Formosa and the Pescadores without the new treaty. That would, I suppose, be all right, but it should be understood by the other side.

JFD

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[1] A draft treaty, together with a suggested rephrasing for Article IV and a draft protocol, originally attached to Robertson's Oct. 7 memorandum, is attached to the source text. Article I is identical, except for a minor textual change, to Article I of the Mutual Security Treaty of Dec. 2, 1954, between the United States and the Republic of China; for text, see 6 UST 433 or TIAS 2604.

[2] Article IV of the draft treaty committed both parties to take action in case of "an armed attack in the Pacific Area on either of the Parties in territories now under their respective administrative control, or hereafter recognized by one of the Parties as lawfully and actually under the administrative control of the other." The proposed revision of Article IV, along with minor textual changes, omitted the clause beginning "or hereafter recognized".

[3] The draft protocol stated that, for the purpose of Article IV, "the territories under the administrative control of the Government of the Republic of China shall be deemed to include Formosa and the Pescadores, together with such other islands as are mutually agreed to be intimately connected with the defense of Formosa and the Pescadores."

No. 328

793.00/10–854

Memorandum of Conversation, by the Deputy Director of the Office of United Nations Political and Security Affairs (Bond)

TOP SECRET [WASHINGTON,] October 8, 1954.

Subject: China item; Consultations with the United Kingdom and New Zealand

Participants: Mr. Herman Phleger, Legal Adviser
Mr. Walter Robertson, Assistant Secretary
Mr. David Key, Assistant Secretary
Mr. Douglas MacArthur, II, Counselor
Mr. Burke Elbrick, Deputy Assistant Secretary
Mr. Niles W. Bond, UNP
Sir Robert Scott, Minister, British Embassy
Miss Barbara Salt, First Secretary, British Embassy
Mr. M.G.L. Joy, First Secretary, British Embassy
Mr. Hunter Wade, First Secretary, New Zealand Embassy

Sir Robert Scott stated that his Embassy had received Mr. Eden's comments on our draft Minute [1] and that he wished to pass those comments on to us at once. He said that Mr. Eden regarded the Minute as unduly restrictive, since he had been under the impression that the original purpose of this exercise, and its main attraction, was that it looked toward a wider settlement; Mr. Eden therefore felt that the draft Minute should be amended. Sir Robert said that Mr. Eden had expressed the fear that if the item were handled on the proposed restrictive basis it would be regarded as merely another cold-war gambit rather than as a "cautious first step" toward a wider settlement. Sir Robert emphasized, however, that Mr. Eden clearly wished to avoid any discussion of the political aspects of the China problem. He went on to say that Mr. Eden was agreeable to confining the resolution itself to the hostilities in and around Quemoy, but that if a more general cease-fire should be proposed, he felt that the UK would find it difficult not to "make sympathetic noises" with respect to the principle of ending any armed clash anywhere between the two Chinas. He said that Mr. Eden had also

[1] The U.S. draft minute, attached to a memorandum by Bond of an Oct. 7 conversation of MacArthur, Phleger, Robertson, and Key with Salt and Wade, stated that the three governments agreed to make every effort to limit the discussion of and action on the New Zealand resolution in the United Nations to the hostilities around Quemoy and efforts to terminate them and prevent their extension to other islands near the China coast. (793.00/10–754)

raised the legal point that if the Quemoy hostilities were to be represented as a threat to international peace, any armed clash elsewhere initiated by the Nationalists would also have to be so regarded, and that therefore more latitude was needed for the consideration of such other clashes. Sir Robert then enumerated the specific changes which Mr. Eden wished to have made in the text of the draft Minute (See Tab A). [2]

Mr. Robertson said that the Secretary had wished closely to restrict the item to the Quemoy hostilities, although the possibility of later developments toward a durable settlement if this particular initiative should be successful could not, of course, be entirely precluded.

Sir Robert emphasized that while his Government was willing to confine the terms of the resolution as we proposed, it did want to be in a position to support the principle of the termination of any armed hostilities wherever they might take place.

Mr. Robertson said that it was his impression that the Secretary wished to be very careful that we did not enter into any agreement with anyone, express or implied, which could be interpreted as treating the present initiative as the first step toward a general settlement of the Formosa problem in the UN. Mr. Phleger observed that the proposed UK amendments to the draft Minute would constitute a clear invitation to open the larger issues involved. At this point Sir Robert interjected that it was not the UK which was pressing for an agreed Minute. Mr. Phleger acknowledged this and said that the U.S., however, attaches much importance to it.

Sir Robert then reiterated that Mr. Eden's view was that, while the UK wished to avoid being drawn into a discussion at this time regarding a general settlement of the China problem, it would have to be free to express its sympathy in principle for any proposal which would extend the scope of a cease-fire to other areas in which armed hostilities might take place, as well as for the idea of an eventual general settlement. Mr. Phleger said that we regarded it as unrealistic to try to achieve any broader settlement, and that we were merely trying to solve a limited problem which we believed could be settled within its own limits. Mr. MacArthur expressed the view that there was the fundamental issue here involved and that it was essential to reach a genuine meeting of the

[2] Not printed. Eden's revisions included the addition of phrases stating agreement that the "initial phase" of the UN discussions should be limited "so far as possible" and indicating that the three governments were "looking toward an eventual settlement in the area."

minds as to the direction in which we were heading, and not merely to gloss over our differences with ambiguous language.

Mr. Wade at this point stated that his Government would find it most difficult to oppose a "do-gooder" amendment designed to support the principle of an eventual general settlement. He added, however, that New Zealand would oppose any effort to lay down the lines of such a settlement.

Sir Robert asked how the U.S. would propose to cope with this problem. Mr. Robertson replied that we could state merely that we were dealing with a limited situation and that we were not prepared at this time to discuss the larger aspects of the problem.

Sir Robert then asked whether, if we all agreed to the Minute as proposed by the U.S., the latter would regard it as a breach of that undertaking if the UK should express sympathy with the principle of terminating all hostilities wherever found and the principle of the desirability of an eventual general settlement. Mr. Robertson expressed the opinion that this would be inconsistent with the terms of the Minute as drafted.

Mr. MacArthur and Mr. Robertson expressed the opinion that there was here involved an issue which we could not finesse and on which we should have to have a genuine meeting of the minds as to how to proceed if we were to prevent our basic differences from emerging.

Mr. Phleger then proposed a paragraph which he suggested be added to the draft Minute in substitution for the proposed British amendments (Tab B).[3] Sir Robert and Mr. Wade expressed the opinion, after hearing the proposed paragraph read aloud, that it would go far toward meeting their wishes.

In response to a question from Mr. Wade as to our views on the duration of the effectiveness of the Minute, Mr. Phleger expressed the opinion that it should probably be regarded as binding until such time as our resolution had been acted upon.

Mr. MacArthur suggested that the next move should be to place the draft Minute and its various amendments before the Secretary for his comments, after which we could again be in touch with the UK and New Zealand representatives. Sir Robert stated that he would also appreciate clearance on the UK draft instructions

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[3] The proposed paragraph reads:

"This would not prevent the parties, in the event the question is raised, from recognizing the desirability of a larger settlement, or the prevention of other armed clashes, but they would accompany this by the statement that these discussions and this resolution should be confined within their original stated limits and objectives; any future action, if any, to be taken in the light of any results accomplished by the adoption of this resolution and in the light of conditions as they may develop in the future."

before the U.S. initiated consultations with the Chinese Nationalists. [4]

[4] A memorandum by Key of a conversation that evening with Salt and Wade stated that Secretary Dulles had instructed Key to advise them that he preferred to revert to the U.S. draft minute, with the addition of (1) a clause stating that the three governments would vote against any amendment of the draft resolution and (2) the paragraph proposed by Phleger. Dulles had also stated that the British instructions to their Ambassadors in Peking and Moscow were a British responsibility, and, similarly, the United States would be responsible for what was said to the Chinese Nationalists. (793.00/10–854)

No. 329

961.53/10–654: Telegram

The Secretary of State to the Embassy in the Republic of China [1]

SECRET
PRIORITY

WASHINGTON, October 8, 1954—2:19 p.m.

217. Taipei 251, [2] Paris 1448, [3] Usun 62. [4] Following are Department views FYI on French good offices in *Tuapse* case: Department appreciates tactical advantage in UN which Chinese acceptance French good offices gives for postponing active discussion *Tuapse* case. However, concerned lest French through cases such as *Tuapse* should come to view selves as impartial mediators East-West conflict. View wobbly stand French in past on voluntary repatriation issue doubt advisability encouraging French act as arbiter on genuineness crew member defections. (Department has indicated to Counselor French Embassy US concerned lest unwilling crew members be forced return USSR.)

Department continues favore release *Tuapse*. However release non-defecting crew members or movement *Tuapse* defectors from Formosa prior final closing off of UN debate on piracy agenda item

[1] Drafted by David L. Osborn of the Office of Chinese Affairs and Robert O. Blake of the Office of Eastern European Affairs; cleared by Murphy, among others. Also sent to Moscow, Paris, and the U.S. Mission at the United Nations.

[2] Telegram 251 from Taipei, Oct. 6, reported that on Oct. 1, the Chinese Government had received a French offer of good offices with regard to the *Tuapse*; the offer had been made at the request of the Soviet Union. (961.53/10–654)

[3] Telegram 1448 from Paris, Oct. 6, reported that the French Government had not undertaken to initiate or participate in any negotiations but had merely offered to act as a conduit for communications between the Soviet and Chinese Nationalist Governments. (961.53/10–654)

[4] Delga 62 from the U.S. Mission at the United Nations, Oct. 6, reported a conversation with Tsiang, who stated that the Chinese Government had accepted the French offer and that he thought this was sufficient reason to keep the proposed Soviet item concerning the *Tuapse* (see footnote 3, Document 317) off the General Assembly's agenda. (961.53/10–654)

would provide USSR propaganda material which they could exploit in UN. Believe release *Tuapse* and its crew (as well as *Gottwald* non-defectors) might be delayed until after General Assembly debate on this item, but no later. US intends seek private Chinese commitment return ship at that time. (*Taipei:* Instructions follow this regard). [5]

Action Moscow, information other addressees:

We see following possible motivations Soviet move. Soviet aim promote French neutralism. Overriding Soviet concern with repatriation *Tuapse* or crew. Also note apparent inconsistency between this unprecedented Soviet indirect approach Nationalist China and Khrushchev speech Peiping backing up Chinese Communist stand on Formosa. If Soviet move had Peiping concurrence, on what basis might it have been obtained? Comments invited. [6]

USUN:

Tactical suggestions in response Delga 62 follow. [7]

DULLES

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[5] Telegram 228 to Taipei, Oct. 13, instructed the Embassy to make a new effort to obtain a firm confidential commitment that the Chinese would release the *Tuapse* not later than immediately after the end of the General Assembly debate on the Soviet item. (961.53/10–1354)

[6] Telegram 519 from Moscow, Oct. 9, stated that the Embassy thought the primary Soviet motive was to regain possession of the *Tuapse* and its crew. (961.53/10–954)

[7] Gadel 43 to the U.S. Mission at the United Nations, Oct. 14, recommended that the delegation try to obtain further postponement of consideration of the question whether the Soviet item should be included in the agenda. (961.53/9–1854)

No. 330

110.15 RO/10–854: Telegram

The Secretary of State to the Embassy in the Republic of China

TOP SECRET
PRIORITY

WASHINGTON, October 8, 1954—2:39 p.m.

218. Eyes only for Rankin. Tentative arrangements made for Robertson, accompanied by McConaughy, fly Taipei next week discuss with President Chiang subject mentioned your 244. [1] Classified Air Force flight would arrive Taipei 12th and leave 14th. Confirm priority that he will be in Taipei and available during that time. [2]

Trip being arranged at request Secretary who believes in view great importance and highly sensitive nature of subject one of his

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[1] Document 320.

[2] Rankin confirmed this in telegram 261 from Taipei, Oct. 9. (110.15 RO/10–954)

close associates who is fully conversant with his thinking on matter should present it to Generalissimo. No Chinese official has been informed of projected trip. You are requested treat proposed visit as most highly classified. Neither Generalissimo nor anyone else should be informed subject matter proposed conversations.

Robertson and McConaughy will of course have their diplomatic passports but will not have Chinese visas. ETA will be telegraphed later.

DULLES

No. 331

793.00/10-454: Telegram

The Secretary of State to the Embassy in the Soviet Union [1]

TOP SECRET WASHINGTON, October 8, 1954—7:45 p.m.

252. From urtels 483 [2] and 491 [3] it would appear Soviets still maintaining certain degree official detachment from Formosan issue. However we agree Chinese Communist momentum re Formosa—which certainly not checked by exuberant Krushchev statements—has critical implications. We are therefore giving careful consideration to your three suggested measures.

Your first suggestion has already found expression in current propaganda efforts which can be stepped up without difficulty.

Re suggestion No. 2 it would appear most effective kind of formal warning would be early conclusion mutual defense treaty with Chinese Nationalist Government. Department currently considering how such treaty might be formulated without appearing to support Chinese Nationalists beyond their present territorial limits and also without assuming definite commitments re off-shore islands.

Should decision be taken proceed with treaty, it may be assumed Commie propaganda would try exploit treaty negotiations as "aggressive" move. We can also assume Peking would attempt so to portray treaty in whatever current efforts they are making to extract maximum support from Soviets. Would appreciate your view whether in this context private talks with Soviets at opportune moment your suggestion No. 3 could serve any useful purpose, i.e.,

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[1] Drafted by Ray L. Thurston, Director of the Office of Eastern European Affairs and approved by Dulles.

[2] Document 315.

[3] Telegram 491, from Moscow, Oct. 4, reported that the Soviet Government appeared to be trying to avoid further public commitment to the Chinese Communist position regarding Formosa. (793.00/10-454)

in clearly setting forth what treaty means and primarily what it does not mean.

DULLES

No. 332

793.00/10–954

Memorandum of Conversation, by the Deputy Director of the Office of United Nations Political and Security Affairs (Bond)

TOP SECRET [WASHINGTON,] October 9, 1954.

Subject: China Item; Consultations with the United Kingdom and New Zealand.

Participants: The Secretary
Mr. David Key, Assistant Secretary
Mr. Walter Robertson, Assistant Secretary
Mr. Douglas MacArthur, II, Counselor
Mr. Niles W. Bond, UNP
Sir Robert Scott, Minister, British Embassy
Miss Barbara Salt, First Secretary, British Embassy
Ambassador Leslie K. Munro of New zealand
Mr. Hunter Wade, First Secretary, New Zealand Embassy
Mr. Foss Shanahan, New Zealand Delegation to the UN General Assembly
Mr. M.J.C. Templeton, New Zealand Delegation to Un General Assembly

The persons listed above met in the Secretary's office at noon today to continue discussion of the subject item.

Ambassador Munro began by saying that he wished to introduce a revision of the proposed draft resolution (Tab A). [1] The Secretary said that we would wish to examine this new draft, but that his initial impression was that it seemed to be generally helpful. In reply to the Secretary's question as to the British reaction to this draft, Sir Robert Scott said that while he believed the redraft would undoubtedly be helpful, the Embassy was under instructions from Mr. Eden to suspend all further activities on the item until Mr. Eden's return to London tomorrow.

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[1] The operational portion of the New Zealand revision of the draft resolution called upon the People's Republic of China and the Republic of China to terminate hostilities in the area of the offshore islands, particularly in the Quemoy area; recommended "resort to peaceful methods in order to prevent the recurrence of such hostilities"; and declared that the Security Council remained seized of the question.

Ambassador Munro then stated that the draft Minute which had been under consideration raised certain problems for his Government, particularly with respect to the question of just what the purpose of this whole exercise was to be. He remarked that the draft Minute as it now stood, and particularly the final paragraph thereof, reflected a defensive and essentially negative attitude which he felt it would be difficult to maintain. He went on to say that it was his understanding that the Secretary, in his September 30 meeting in London with Mr. Eden and the New Zealand Acting High Commissioner, had expressed the hope that a satisfactory settlement of the Quemoy situaton might be the prelude to a more general pacification; he added that his Government did not believe that this hope was adequately reflected in the draft Minute. He thereupon tabled for consideration a New Zealand revision of the draft Minute. [2] The Ambassador said that despite any restrictive understanding which we might reach in the Minute, our proposal would undoubtedly become the subject of public debate, and that he believed that in order to meet that debate we would be obliged to arrive at a consensus less restrictive than that set forth in the earlier drafts of the Minute.

The Secretary said that the thought which he had tried to express to Mr. Eden and Mr. Campbell on the occasion referred to would be more accurately reflected by the following language: that a settlement of the limited problem with which the resolution dealt "would, as a practical matter increase the possibility of peaceful rather than violent adjustment of the other problems of the area, in accordance with the purposes and principles of the U.N." He said that, in other words, the successful consummation of our present initiative would make peaceful settlement more likely and violent change less likely. The Secretary went on to say that he had never intended to suggest that if this particular situation were settled we would move right on from there to a general settlement of the Formosa problem. He said he was convinced that the limited solution which we envisaged would set up a trend toward resort to peaceful rather than violent means of settlement, but that the U.S. could not by this single step commit itself to take further steps in the direction of a broader settlement or even take any action which would be interpreted as constituting such a commitment.

Ambassador Munro said that he was concerned over what reply to make to the question as to exactly what the proposed limited step envisaged. He said that his Government believed that it must be in a position to answer the Chinese Communists and Soviets, as well as New Zealand public opinion, on this point.

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[2] Not attached to the source text.

Continuing his previous remarks, the Secretary said that as a practical matter, if we can succeed in our present limited objective, he would be satisfied that we had eliminated a serious threat of major and perhaps world war and substantially increased the chances of peaceful as opposed to violent change. He stated, however, that the United States would be unable to take this first step if it were to be represented as being a first step in a longer-range program, leading perhaps to recognition of Communist China and its admission to the UN. He said that he realized that "our medicine may be another's poison", and that for that reason it might be that the whole effort was impractical. He expressed the earnest hope, however, that it would be possible to go through with it since the present situation was so fraught with perilous possibilities. He pointed cut that should a serious battle for Quemoy develop, the U.S. would inevitably be involved, at least to the extent of providing logistical support. He said that if such fighting were to become intensified and other Americans were to be killed, he could not predict what the effect of such developments would be on U.S. public opinion. (In this connection he referred to the presence of members of our Military Assistance Advisory group in those islands, and to the fact that two of our officers had already been killed.) The Secretary said that the limited settlement which we were proposing would therefore be a tremendous contribution to peace, and would render less likely the outbreak of fighting in other areas. He believed that this would begin a real trend toward the elimination of the threat of a general war in that area. He then reiterated that this would be a difficult matter to carry through and that we could do it only if we were able to avoid a commitment to a long-range settlement.

Reverting to Ambassador Munro's earlier question as to what reply should be given to the question of the implications of our proposed action, he said that in his view it should be along the line that we are taking one step at a time, and that if we can lay this particular threat, peace will be brought that much closer. Peace like war, he said, is contagious, and it is up to us to determine which contagion we encourage. He added that we are trying to set up a trend toward peace and away from war, taking advantage of the historic yearning of all peoples toward peace.

Ambassador Munro said that he much appreciated the Secretary's paraphrase of the thought which he had intended to convey to Mr. Eden and Mr. Campbell, and that he believed its inclusion in the draft Minute might be regarded by his Government as very helpful. Sir Robert expressed the view that it would be helpful with his Government as well.

Mr. Key raised the question of whether the New Zealand revision of the resolution (Tab A) sufficiently preserved the restrictive idea which had been expressed in the "close proximity" language of our previous draft. Ambassador Munro and Sir Robert both expressed the view that it did, and Ambassador Munro suggested that if our language were used, an attempt might very well be made in the debate to delete the phrase "in close proximity".

There ensued a detailed discussion of the language of the New Zealand revision of the draft Minute, as a result of which an amended text embodying the above-quoted language of the Secretary, was agreed upon as a basis for consideration (Tab B). [3]

Ambassador Munro stated that his Government, in speaking in favor of an invitation to the Chinese Communists as it proposed to do, would very much like to have U.S. support. The Secretary recalled that during consideration of the Korean case in 1950 the United States had voted in favor of inviting the Chinese Communists to be present at the debate, and said he assumed we would take the same position in this case.

Ambassador Munro then raised the question of what if anything he could tell the Australians concerning the proposed item. He pointed out that there was an ANZUS meeting on Monday and that Mr. Casey might well raise the question of Quemoy. Sir Robert said that the U.K. would only reluctantly agree to saying anything to the Australians on this subject and only so long as it were to be made clear that final agreement had not been reached among our respective Governments. The Secretary said that he could understand the point of Ambassador Munro's inquiry but questioned whether this subject need come up in connection with the ANZUS

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[3] The revised draft minute stated that the three governments agreed to the following:

"It is the clear understanding of the three Governments that the scope of discussions arising as a result of the submission of the New Zealand item to the Security Council should be strictly limited to the immediate subject with which that item deals, namely, the recent and current armed hostilities between the People's Republic of China and the Republic of China in the area of certain islands off the coast of the mainland of China, and, in particular, in the area of Quemoy (Chinmen), and efforts to terminate those hostilities and prevent their recurrence or extension to other such islands; and that the three Governments will, unless otherwise agreed, vote against any amendment of substance to the draft resolution and make every effort in the handling of this item in the United Nations to confine discussion to this subject and to avoid and prevent its enlargement to the discussion of broader issues, in particular the question of representation in the United Nations, the respective claims of the Republic of China and the People's Republic of China to domestic sovereignty and international status, and the status of Formosa and the Pescadores. At the same time the three Governments will be at liberty to make it clear that if the step proposed, namely termination of hostilities in the Quemoy area, can be carried out satisfactorily, that would, as a practical matter, increase the possibility of peaceful rather than violent adjustment of the other problems of the area, in accordance with the purposes and principles of the United Nations."

meeting and whether in any event we were far enough along in our own deliberations to permit anything to be said.

No. 333

793.00/10-954: Telegram

The Ambassador in the Soviet Union (Bohlen) to the Department of State

TOP SECRET Moscow, October 9, 1954—5 p.m.

522. Reference Department telegram 252.[1] Since publication Khrushchev's speech, question of Formosa has dropped out of Soviet press which appears to support statement in Embassy telegram 491[2] that Soviet Government is for moment inclined to soft-pedal this issue in order to avoid any impression of Soviet Government commitment concerning Formosa. Therefore, unless there are signs from Commie China that this campaign was being pursued with increasing intensity or in particular information from intelligence sources of any impending action, I would believe that suggestions two and three in my 483[3] should be held in abeyance. Suggestion one in propaganda field should of course be pursued with vigor.

While I realize there are many other important reasons bearing on question of conclusion mutual defense pact with Chinese Nationalist Government, I do not believe in circumstances propaganda campaign re Formosa, especially as affecting Soviet Union, is in itself sufficient reason for so far-reaching a step. Main deterrent to any military action against Formosa is of course expected reaction of US. This could, if necessary, be made just as clear to Commies by unilateral US declaration as by proposed treaty. In addition to complications referred to in telegram under reference, treaty would afford Commie propaganda excellent opportunity to exploit and acerbate existing differences on China with our allies and especially throughout neutralist Asian countries. If for other reasons Department concludes that treaty is desirable at this time, I would like to emphasize extreme importance of clarity in regard to the two aspects mentioned in Department telegram 252. Any ambiguity on these points might dangerously complicate and possibly reduce effectiveness of treaty as deterrent. If, for example, implication is left that US has no definite commitments re off-shore islands, this

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[1] Document 331.
[2] See footnote 3, Document 331.
[3] Document 315.

might constitute open invitation to Commies to act with impunity against them. If for other reasons this treaty is to be concluded, my judgment as to utility and advisability of talks with Soviets would in large measure depend upon degree of clarity as to its scope and purpose and especially US commitments which could be introduced into treaty. I believe it would be a mistake to attempt any private clarification with Soviets in event that these points remain ambiguous.

In general, I believe that while we must watch with closest attention possible developments this campaign re Formosa from either Chinese Commie and/or Soviet sources, at present moment, with Soviet Union soft-pedaling this question, counter propaganda and possibly exploitation in GA debate when suitable occasion presents itself is all that situation requires.

BOHLEN

No. 334

793.00/10-954

Memorandum Prepared in the Department of State [1]

TOP SECRET [WASHINGTON,] October 9, 1954.

We have learned of a proposal to be brought before the United Nations by New Zealand relative to the offshore islands now in the possession of your Government's forces. We have studied this proposal and have concluded that it is the right course to pursue.

We greatly desire that these positions should be retained under the control of your Government. On the other hand, we see no way to assure this under present circumstances. Our intelligence is that an all-out assault is likely to occur against one or more of the islands. Our military advisers hold the view that if this does occur no amount of skill and bravery on the part of Nationalist forces on

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[1] The source text, headed "Talking Paper" and initialed by Dulles, bears no indication of the drafter. A covering memorandum of Oct. 9 from Dulles to Robertson states that the first two sentences were suggested by the President and that paragraph 9, relating to confining the UN proceedings, and the phrase "perhaps more formally" in the following paragraph had been added at Dulles' suggestion.

A draft dated Oct. 6, with a covering memorandum of Oct. 7 from Cutler to Dulles, is similar to this paper except that it lacks the first two sentences and the Dulles additions. Cutler's memorandum states that the President had approved the paper to be used as a "talking paper" but had suggested the addition of two sentences (in substance, the first two sentences in the source text) in introducing the subject. (FE files, lot 64 D 230, "Offshore Islands")

The text printed here includes a number of handwritten revisions which are on the source text, most of them probably made by Robertson.

these islands would suffice against the massive assault which could, and probably would, be mounted. We realize that this loss would be a serious blow to the prestige of Nationalist China.

We have thoroughly considered the possibility of United States military intervention to assist your forces to hold these islands. We have been careful to keep the Communists in uncertainty as to our probable course of action. However, we must say to you in the utmost confidence that it is highly doubtful that the President could now, without Congressional authorization, thus enlarge the mission of the Seventh Fleet, authorized in 1950 in connection with the Korean War, and engage in what might become in fact a major war with Communist China. The President also feels that the fate of these offshore islands, while very important, would not justify him in calling on the American nation to engage in what might become a war of indeterminate scope, intensity and duration. It is uncertain that if the Congress were asked for such authority it would be readily granted.

Under these circumstances, we have considered whether United Nations procedures as proposed might perhaps be invoked in a way which would either deter Communist military attacks against these islands, or put the Communists in a position to be condemned further by world opinion.

The current and threatened attacks are avowedly part of a program directed against Formosa and the Pescadores, which the United States is committed to help defend. Thus the situation involves a threat to international peace and security. It is one which, by the U.N. Charter, both of our govs as members are obligated to seek to settle by peaceful means. We think it probable that the Security Council, if asked, would be disposed to recommend a suspension of assaults against these off-shore islands without prejudice. This would [probably] [2] also involve suspending counter-attacks in defense of these islands.

Such an attitude on the part of the Security Council would then confront the Soviet Union with the necessity either of approving or vetoing such action. If the Soviet Union exercised its veto on behalf of the Chinese Communists, this would be a further evidence to the world of their aggressive attitude and their contempt for the purposes and principles of peace, law and order enunciated in Article 1 of the United Nations Charter. It would create a further reason why the Chinese Communist regime and its claim to a position in the United Nations would be further discredited. It is possible that on the foundation thus created the existing embargo provisions against Communist China would get new vitality and support.

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[2] The brackets were inserted by hand on the source text.

If, which seems unlikely, the Soviet Union approved the proposal and the Chinese Communists complied, then at least the island positions would be provisionally secured and the grave consequences of their loss, above referred to, would be avoided.

We have had confidential discussions of this situation with the New Zealand Government, which is much concerned [and sympathetic] [3] and which now plans to take an initiative in this matter. It is one of the governments now represented on the Security Council, and we have with it, as you know, the treaty relationship represented by ANZUS.

We realize that unfriendly powers represented on the Security Council will doubtless try to turn the situation to the disadvantage of your Government and attempt to couple with this matter new and unacceptable proposals. However, after a thorough canvass of the situation, we feel confident that the matter can be kept confined to the matter of hostilities on, or immediately related to, the offshore islands and that larger political questions can be, and will be, kept divorced from the contemplated proceedings.

At the time of any United Nations proceedings, the United States would want to reaffirm, perhaps more formally, its firm intention to associate itself with the security of Formosa and the Pescadores.

It is not clear to us that it would be necessary or advisable for your Government actually to support the move planned by New Zealand. It might be that an attitude of reserve would be advisable until the Communists show their hand.

We did not, however, want this action to get under way which closely involves your interests without your knowing that the action is contemplated. In our opinion it can serve to advance and protect your interests and to avoid an alternative which would almost surely be very unhappy from the standpoint of what we both want.

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[3] The brackets were inserted by hand on the source text.

No. 335

793.00/10–1054

Memorandum of Conversation, by the Secretary of State [1]

TOP SECRET [WASHINGTON,] October 10, 1954.

I told Sir Robert Scott that I had understood that Mr. Eden was concerned about a possible raiding of the China mainland from Formosa. I told him that I thought he should know in the strictest confidence that at the time that we turned over jet planes to the National forces it was understood that they would not be used against the mainland unless there were what we recongnized to be unusual and compelling reasons for such action. At the time when the Communist assault on Quemoy had begun, the Chinese Nationalists had not used their air power against the Communist positions of assault without first communicating with us and waiting for two or three days to get United States acquiescence in the proposition that the assault from the mainland and neighboring Communist island positions justified using the ChiNats Air Force to attack these positions. I further said that when I had seen the Generalissimo at Formosa, he had reaffirmed their intention to cooperate fully with the United States in these respects. While, of course, I could not myself give any assurances, I did feel that it was reasonable to expect that there would be no reckless or wanton bombing of the mainland from Formosa.

Sir Robert Scott thanked me for this information, which he thought was very pertinent to the other matters which we were currently discussing.

JFD

[1] Drafted by Dulles. A heading on the source text states that the conversation took place on Saturday, Oct. 9, at the Secretary's residence.

No. 336

793.00/10–1054

Memorandum of Conversation, by the Deputy Director of the Office of United Nations Political and Security Affairs (Bond)

TOP SECRET [WASHINGTON,] October 10, 1954.

Subject: China Item; Consultations with the United Kingdom and New Zealand

Participants: The Secretary
Mr. David Key, Assistant Secretary
Mr. Douglas MacArthur, II, Counselor
Mr. Niles W. Bond, UNP
Sir Robert Scott, Minister, British Embassy
Miss Barbara Salt, First Secretary, British Embassy
Ambassador Leslie K. Munro of New Zealand
Mr. Hunter Wade, First Secretary, New Zealand Embassy
Mr. M. J. C. Templeton, New Zealand Delegation to the UN

The persons listed above met today at 4:45 p.m. at the Secretary's home to continue discussion of the subject item.

Sir Robert opened the meeting by stating that he had received a reply from Mr. Eden which he wished to convey to the Secretary. He said that Mr. Eden, who fully understood the difficulties involved and admired the statesmanlike way in which the Secretary had been approaching the problem, agreed in general to go forward with the item, subject, however, to three comments.

The first of these comments was that Mr. Eden disliked the restriction on voting which had been written into the draft Minute, [1] since he regarded it as "unnecessarily binding". Sir Robert said that Mr. Eden, who recognized that in pursuing this item we were walking a narrow path between the dangers of expanded war on the one hand and exacerbated Anglo-American differences on the other, believed that the restrictive language in question ("vote against any amendment of substance to the draft resolution") was apt to increase rather than decrease the likelihood of bringing to light the basic divergences between U.S. and UK policies with respect to China. He added that Mr. Eden thought the point which we had been trying to make in that clause was adequately conveyed by the immediately following language, to the effect that we should "make every effort in the handling of this item in the UN to confine discussion" etc.

The Secretary said that what he had had in mind in this connection was that our efforts to prevent an enlargement of the *discussion* would almost inevitably be futile, and that it was therefore necessary to do everything within our power to restrict the *action* to be taken, which was something we could hope to control. The most effective way to accomplish this end, the Secretary said, would be to reach firm agreement on the form of a resolution and then to stick closely to it. He added that he too was anxious to prevent an accentuation of our differences, which he believed would be

[1] See footnote 3, Document 332.

exactly what would happen if we did not adhere firmly to an agreed resolution.

Ambassador Munro interjected that he had received a brief telegram from his Ministry of External Affairs saying that, while they had been unable to reach the Minister on this subject, they felt we were going in the right direction.

The Secretary then reiterated that unless we could go into the Security Council with an agreed resolution, he regarded it as highly questionable whether we should go in at all. Sir Robert said he was certain that Mr. Eden would agree in principle with the Secretary, but that he, Mr. Eden, had given the Embassy no latitude in his instructions. He mentioned that one of the things which appeared to be troubling Mr. Eden was his concern over our being able to reach agreement on what was and what was not an "amendment of substance." He repeated that Mr. Eden felt that our objective of holding the line on the resolution was adequately safeguarded by the above-quoted language.

In response to the latter point the Secretary pointed out that the restrictive language in question applied only to discussion of the item and did not refer to any action which might be taken. He said that one of the things that he had been trying to do was to separate these two things in the draft Minute. Sir Robert expressed the opinion that this distinction might not have been made adequately clear to Mr. Eden, and said he believed the Embassy would have to go back to Mr. Eden to make sure there was no misunderstanding on this point. The Secretary agreed that this would seem to be advisable.

Sir Robert said that he had been trying to think of some language on which we might reach agreement and suggested the following as a possible substitute for the phrase which Mr. Eden had sought to have deleted: "make every effort in the handling of this item in the UN to *prevent any amendment of substance to the draft resolution and* to confine discussion" etc. After a brief discussion it was the consensus that this suggested language should be referred to the respective Governments for consideration. (For amended text of draft Minute see Tab A.) [2]

The Secretary urged that Sir Robert make clear to Mr. Eden the Secretary's conviction that if we were to allow ourselves to be split in the Security Council over questions of China policy, to proceed further with this item would be dangerous indeed. Ambassador Munro said that his Government was most anxious not to be faced with a situation in which, after having introduced a resolution on

[2] Not printed. The substantive portion of the amended draft minute is identical to that quoted in footnote 3, Document 332, except for the amendments discussed here.

the subject, it would find that resolution a bone of contention between the U.S. and the UK. He added that it was of vital importance to his Government to avoid such a situation, and asked that Sir Robert convey this thought to Mr. Eden.

Sir Robert then said that Mr. Eden's second comment was that he would like to feel that the U.S. Delegates in presenting this item would not present it in a way solely designed to protect the Chinese Nationalists. The Secretary pointed out that the initial presentation would be by New Zealand on the basis of its letter to the President of the Security Council, the stated purpose of the item being to bring about a termination of hostilities. He added that he saw no reason why the U.S. could not present the problem in the same light. Ambassador Munro said that this would obviously have to be the motif, and that he was not unduly concerned on this point.

Sir Robert stated that Mr. Eden's third point was that we have not yet agreed on what action we should take if the Communists do not cooperate. He said it was Mr. Eden's view that if the resolution should fail because of Communist actions, the UK would not be committed to do anything beyond agreeing to leave the item on the Security Council agenda, in addition to which, the UK would of course, confer with the other interested Governments on possible further steps. After mentioning the possibility of a Chinese Nationalist veto, the Secretary said he saw no reason why any of us should be committed to any particular course of action if this initiative should fail, adding that Mr. Eden's position seemed reasonable. He said that although it might be possible to take the item to the General Assembly under the Uniting for Peace resolution, this would be dangerous because of the difficulty of controlling the General Assembly; this was generally agreed.

Sir Robert said that Mr. Eden had further stated in his instructions that, if there were a favorable response to his three comments, we should get on as rapidly as possible with the matter, and particularly with our Formosa consultations. He said Mr. Eden envisaged a meeting with other friendly delegations in New York not later than Wednesday the 13th and that, while his instructions were somewhat ambiguous on this point, he believed Mr. Eden had in mind notification to the Soviets and Communist Chinese on Thursday just prior to transmittal of the New Zealand letter to the President of the Security Council. With respect to timing of the Formosa consultations, the Secretary said that Mr. Robertson had already left and should be at that moment in Honolulu. He expressed doubt, however, whether he could finish his consultations in Formosa in time to permit the Wednesday meeting envisaged by Mr. Eden, and said he thought it would be more feasible to plan for

such a meeting on Thursday. Sir Robert said that Mr. Eden was particularly concerned about the danger of leaks arising out of the Formosa consultations, adding that if such a leak should occur prior to their notification to Peking, the whole operation would be derailed. After some discussion it was agreed that a Wednesday meeting with the other friendly delegations was probably out of the question and that it would be more realistic to plan such a meeting for Thursday. It was also agreed that in such event it would be desirable if the notifications to Moscow and Peking and transmittal of the New Zealand letter could all be accomplished also on that day. Ambassador Munro pointed out that should Mr. Robertson accomplish his objectives in Formosa earlier than we believed he would, the schedule might still be moved up to permit our moving ahead on Wednesday instead of Thursday.

At this point the Secretary was called away to another appointment. [3]

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[3] A message from Secretary Dulles to Robertson (in Okinawa, en route to Taipei), transmitted in JCS telegram 969213, Oct. 11, 1954, reads in part as follows:

"Eden has accepted 'Agreed Minute' slightly amended, so you should proceed with presentation to Chiang per your instructions.

"We are hoping to have word from you by Wednesday October 13 (Washington time) on results your conversation, which would permit us to proceed with transmittal of letter to Security Council Thursday." (793.5/10–1154)

A copy of the "Agreed Minute", together with a draft letter from the New Zealand Representative to the President of the Security Council, the draft resolution, and a cover sheet headed "Documents on China Item (Agreed texts as of October 12, 1954)", are filed with a memorandum of Nov. 1, 1954, from Walter K. Scott to Admiral Radford. (793.00/11–154) The "Agreed Minute" is identical in substance to the amended draft minute cited in footnote 2 above.

No. 337

793.00/10–3154

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy) [1]

TOP SECRET [TAIPEI,] October 13, 1954—8 a.m.

Place: Presidential Residence, Taipei, Formosa

Participants:

President Chiang Kai-shek
Secretary General, Chang Chun

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[1] The conversations recorded here took place during Robertson's and McConaughy's visit to Taipei, Oct. 12–14. According to a letter of Oct. 18 from McConaughy to Rankin, Secretary Dulles read this memorandum of conversation on Oct. 17. (FE files, lot 64 D 230, "Correspondence with Foreign Service Officers")

Acting Foreign Minister, Shen Chang-huan [2]
Interpreter, Samson Shen
Assistant Secretary Walter S. Robertson
Ambassador Karl L. Rankin
Walter P. McConaughy, Director, Office of Chinese Affairs

Mr. Robertson stated that his Government had learned of a proposal to be brought before the UN by New Zealand relative to the off-shore islands now in possession of the forces of the Chinese Government. The United States Government greatly desires that these positions should be retained under the control of the Chinese Government. U.S. intelligence indicates that an all-out assault is likely to occur against one or more of the islands. The U.S. military advisers hold the view that if this does occur, no amount of skill and bravery on the part of Nationalist forces on these islands would suffice against the massive assault which could and probably would be mounted. The U.S. Government realizes that this loss would be a serious blow to the prestige of Nationalist China.

The U.S. Government has thoroughly considered the possibility of U.S. military intervention to assist the Chinese Government forces to hold these islands. The U.S. has been careful to keep the Communists in uncertainty as to the probable U.S. course of action. However, we must say in the utmost confidence that it is highly doubtful that the President could now, without Congressional authorization, thus enlarge the mission of the Seventh Fleet, authorized in 1950 in connection with the Korean War, and engage in what might in fact become a major war with Communist China. The President also feels that the fate of these off-shore islands, while very important, would not justify him in calling on the American nation to engage in what might become a war of indeterminate scope, intensity, and duration. It is uncertain that if the Congress were asked for such authority it would be readily granted.

Under these circumstances, the U.S. Government has considered whether United Nations procedures as proposed might perhaps be invoked in a way which would either deter Communist military attacks against these islands, or put the Communists in a position to be condemned further by world opinion.

The current and threatened attacks are avowedly part of a program directed against Formosa and the Pescadores which the U.S. is committed to help defend. Thus the situation involves a threat to international peace and security. It is one which, by the UN char-

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[2] Political Vice Minister of Foreign Affairs. Minister Yeh was in the United States as the head of the Chinese Delegation to the Ninth Session of the UN General Assembly.

ter, both the U.S. and the Chinese Governments as members are obligated to seek to settle by peaceful means. The U.S. Government thinks it probable that the Security Council, if asked, would be disposed to recommend a suspension of assaults against these off-shore islands, without prejudice. This would also involve suspending counter-attacks in defense of these islands. It is emphasized that such a recommendation would pertain solely to hostilities related to the off-shore islands.

Such an attitude on the part of the Security Council would then confront the Soviet Union with the necessity either of approving or vetoing such action. If the Soviet Union exercised its veto on behalf of the Chinese Communists, this would be a further evidence to the world of their contempt for the purposes and principles of law, peace, and order enunciated in Article I of the UN Charter. It would create a further reason why the Chinese Communists regime and its claim to a position in the UN would be further discredited. It is possible that on the foundation thus created, the existing embargo provisions against Communist China would get new vitality and support.

If, which seems unlikely, the Soviet Union approved the proposal and the Chinese Communists complied, then at least the island positions would be provisionally secured, and the grave consequences of their loss would be avoided.

The U.S. Government has had confidential discussions of this situation with the New Zealand Government which is much concerned and sympathetic. It now plans to take an initiative in this matter. It is one of the Governments now represented in the Security Council and the U.S. has with it, as the Chinese Government knows, the treaty relationship represented by ANZUS.

The U.S. Government realizes that unfriendly powers represented on the Security Council will doubtless try to turn the situation to the disadvantage of the Chinese Government and attempt to couple with this matter new and unacceptable proposals. However, after a thorough canvas of the situation, the U.S. Government feels confident that the matter can be kept confined to the matter of hostilities on, or immediately related to, the off-shore islands and that larger political questions can be and will be kept divorced from the contemplated proceedings.

At the time of any UN proceedings, the U.S. would want to reaffirm, perhaps more formally, its firm intention to associate itself with the security of Formosa and the Pescadores.

It is not clear to the U.S. Government that it would be necessary or advisable for the Chinese Government actually to support the move planned by New Zealand. It might be that an attitude of reserve would be advisable until the Communists show their hands.

The U.S. Government did not however want this action to get underway which closely involves Chinese Government interests without the Chinese Government knowing that the action is contemplated. In the opinion of the U.S. Government, it can serve to advance and protect the interests of the Chinese Govt. and to avoid an alternative which would almost surely be very unhappy from the standpoint of what both Governments want.

General Chang Chun said he wished to seek clarification of two points: 1) What would be the situation if the Soviets reject the proposal? 2) If the Communists accepted the proposal, what political concessions would be made to them in return for the substantial military concession the Communists would be making? It would not be reasonable to expect the Communists not to exact a price.

Mr. Robertson replied that as to 1), the situation as to the islands would be as it is now, in the event of Communist rejection. There would be no change, but it would be hoped that the Communist international position would be adversely affected. As to 2), absolutely no political concessions had even been considered. The Communists would get nothing out of acceptance except a suspension of counterattacks in defense of the islands. The resolution would be carefully pin-pointed to the military situation relating to the off-shore islands, and it was the firm intention to exclude everything else both from the text of the resolution and the discussion in the Security Council.

Acting Foreign Minister Shen said it was quite apparent to him that the Communists would use the resolution as a wedge to promote Chinese Communist participation in UN proceedings. This would tend to pave the way for eventual seating of Communist China in the UN. The Communists of course would insist that Communist China, as a party at interest, must be invited to the UN to present its case in the course of the debate on the New Zealand resolution. This would give the Communists a good opportunity to press their propaganda line before a world audience. They would undoubtedly capitalize on the opportunity to raise the entire "Formosa Question" and would seek to destroy the entire Chinese Government position in the UN.

Mr. Robertson said it would undoubtedly be necessary to agree to the appearance of Chinese Communist representatives before the Security Council in the course of consideration of the resolution. As one of the parties involved it would have, under the UN Charter, the right to be heard. However he did not agree that the Chinese Communists thereby could undermine the position of the Chinese Government. The Chinese Communists would not be present as a UN member, but only as a party to a situation which threatened peace and security. The item would be confined to the off-shore is-

lands, and we did not think the Communists would be successful if they attempted to broaden the issue.

President Chiang asked Ambassador Rankin to express his opinion of the proposal.

Ambassador Rankin said that he did not feel that he was in a position to express a conclusive view. It was hoped to obtain the opinion of President Chiang after a full consideration of the proposal. However he would say that he knew that Secretary Dulles and Assistant Secretary Robertson had the essential interests of the Chinese Government very much at heart, and he believed that the President would be justified in giving very full consideration to their views on this important question.

President Chiang then said that he would give his preliminary reaction, speaking very frankly to Mr. Robertson as an old friend. It would be understood that he had not yet had time to give it the thorough study which it required. He would give a more considered opinion later in the day. However he could say at once that in his view the proposal could be used in pursuance of the current Communist line and would play into Communist hands. He said that a number of American organizations which had been known to follow the Communist Party line had advocated a cease fire along the lines of the proposed resolution. He mentioned in this connection the American Communist Party, the ADA, the CIO, and the United Nations Association. He said that a cease fire and neutralization of the islands was a recognized preliminary step in a carefully planned sequence of events designed to achieve Communist objectives as to China. He listed the steps as follows:

1) Neutralization and cease-fire as to off-shore islands.
2) Same, as to Formosa.
3) UN trusteeship for Formosa.
4) UN membership for Communist China.
5) Communist takeover of Formosa and liquidation of the Chinese Government.

He said that the Chinese Communists have been predicting this chain of events to the Chinese people on the mainland, and that this resolution would be recognized by the Chinese people as acquiescence in the first stage of the Communist scheme.

He said that if his Government gave its consent to the proposal, it would have a destructive effect on the morale of his troops, the common people living on Formosa, the overseas Chinese, and their enslaved fellow countrymen on the mainland who are looking for signs of resistance to Communism rather than evidences of a disposition to work out cease-fire agreements with them.

He said that the proposed resolution would be very difficult to explain to the Chinese troops if it were not opposed by the Chinese

Government. If adopted, it would deprive the Chinese troops of their mission, their objective. The Chinese Government, if it ever consented to such a resolution, would have to devise some satisfactory explanation to give the troops. The President did not know how this could be done. He feared that Chinese Government agreement to the resolution would be considered as a betrayal of the trust reposed in the Chinese Government by all Chinese who seek the overthrow of the Communist regime.

The President doubted the possibility of preventing the Chinese Communists from raising the entire range of China issues to their own advantage.

The President said that his Government is deeply grateful for the assistance extended it by the American Government since the loss of the mainland. Nevertheless he thought he should speak frankly, knowing that he was speaking to true friends of China who would not take his bluntness amiss. He then said with some bitterness that he had believed for some time and still believes that the U.S. policy as to China may change at any time. His Government was trying to prepare for such an eventuality. His Government welcomed American assistance in the struggle against Communism, but if that assistance were withdrawn, his people were fully resolved to carry on the struggle regardless. He said he believed that his Government would eventually have to fight alone. It would fight on alone to the last ditch making the best use of all the resources then available to it. He said that he has ordered his troops on the off-shore islands to fight to the last man, with or without the assistance of the U.S. Seventh Fleet.

Mr. Robertson observed that no one was asking the Chinese troops not to fight if attacked. The object of the New Zealand resolution was to prevent an attack. Nothing in the resolution would interfere with the Chinese right to resist an attack. Mr. Robertson expressed confidence that the U.S. Delegation could exclude political matters from the Security Council consideration of the New Zealand proposal. U.S. representatives would take vigorous action to this end. The narrow scope of the resolution would help to prevent the discussion from broadening out into a general political debate on China issues.

Mr. Robertson said he did not know anything about the ADA or the other organizations mentioned having advocated a course similar to the proposed New Zealand resolution. He recognized that fellow travelers would support the sequence of events planned by the Communists which the President had mentioned, but he did not see how the New Zealand proposal would lead into or facilitate such a succession of events. He was positive that the New Zealand Government had acted in entire good faith in offering to introduce

the resolution. The plan was very closely held, and only a few people within the U.S. Government knew anything about the proposal. It could not be identified with Communist schemes. In fact it was highly probable that the Communists would contemptuously reject it, as they had persistently resisted UN intervention in Korea. They could be expected to argue that the control of Chinese territory was a strictly internal matter entirely out of UN jurisdiction.

Mr. Robertson said that we must take into full account the legal limitation imposed on President Eisenhower as to the use of American troops without congressional authorization. It was a reality which would have to affect our course of action. He asked President Chiang to consider carefully the alternatives to the proposed resolution and to see if they were not far less desirable. He said that President Eisenhower and Secretary Dulles had considered the matter carefully. They were convinced that the resolution combined with a mutual defense pact would improve the position of Nationalist China. He emphasized that the United States could not include a commitment to defend the off-shore islands in a defense pact. It would have to be clearly understood also that a pact would have to be purely defensive in character, as were the agreements with Korea, Philippines, and other countries. There could be no action of an offensive nature except by mutual agreement.

President Chiang said that the prospect of a defense pact did have a bearing on his evaluation of the proposed UN move. If a formal announcement of an intention by the U.S. and China to negotiate a defense pact preceded the New Zealand move, the harmful effects of the latter might be offset or at least greatly mitigated, but the pact announcement must come first. The timing was highly important.

At this point (approximately 10:15 a.m.), the President suggested the conference be recessed until 11:00 a.m. so that the participants would have an opportunity to study the various aspects of the problem and perhaps discover a new and better approach. It was agreed that the participants would reconvene in the President's office in down town Taipei.

The meeting was resumed at 11:00 a.m. in the office of President Chiang, with two additional representatives of the Chinese Government present: Vice President Chen Cheng and Prime Minister O.K. Yui. President Chiang said he had asked the Vice President and Premier to attend in view of the great importance which attached to the question under discussion.

Mr. Robertson said that in his view the essential question was whether the New Zealand proposal was preferable to the alternatives, and whether it was in the long term interest of the Chinese

Government. On the day he left, he and Secretary Dulles had had a long talk with Senator Knowland. He was not authorized to quote the Senator, but felt certain Senator Knowland would not object to mention of the view he had expressed on this subject. Senator Knowland, who is well known to the Chinese Government as a strong opponent of Communist aggression, had indicated that in view of all the circumstances he felt the UN move was the best thing to do.

Vice President Chen Cheng said that the problem which concerns the UN was created by the Chinese Communists. "The problem is caused not by our attacking the Communists, but by their attacking us." He said that since the puppet congress convened in Peiping, the Communists have not ceased their campaign for "liberation of Formosa." This is not just propaganda but a real threat.

Mr. Robertson agreed and pointed out that the New Zealand resolution would call on the Communists to cease their attacks on the islands. Of course the converse would apply also—the Nationalists would then be expected to cease their counter-attacks.

The Vice President remarked that the Chinese Communists are still firing on Quemoy. The Chinese Government must return fire with fire. Otherwise there would be a serious morale problem.

Mr. Robertson said that he wholly agreed. No one is opposing Chinese Nationalist resistance to attack.

The Vice President said he was not sure that an effective cease fire could be achieved by a simple resolution or recommendation by the UN. Additional measures might be required. The Communists must not dare to violate the agreement. He asked what could be done to assure Communist compliance.

President Chiang interjected a query as to whether an international control commission or inspection group was contemplated?

Mr. Robertson said that if Security Council action was taken, it would amount to More than a simple statement. The Security Council would formally call on both sides to observe a cease fire. The resolution would be based on a finding that a threat to international peace and security existed. Both sides would be called on to stop, without prejudice. It was assumed that the Chinese Nationalists would reserve their position until they saw the Communist reaction. The U.S. would seek to line up the Council members to see that the resolution was limited solely to the one question, with no prejudice, and no broad discussion of Formosa. Mr. Robertson then repeated for the benefit of Vice President Chen Cheng the substance of his opening statement at the 8:00 A M meeting. He added that the U.S. was very anxious to prevent the Communists from learning that the U.S. is not in a position to participate in the defense of the off-shore islands. This would in effect give them a

green light to invade the islands. More or less simultaneously with the introduction of the New Zealand resolution, the U.S. would hope to be able to announce the initiation of negotiations for a mutual defense pact with the Chinese Government. This would serve notice that the U.S. has not lost interest in the Chinese Government. It appeared that the one major difficulty in drafting acceptable treaty language would be the treatment of the off-shore islands question. It should be understood that there would be no chance of U.S. ratification of a treaty without an understanding that there would be no offensive action except by mutual agreement.

The Vice President expressed doubt that a cease fire could be achieved. The Communists would not abide by such a resolution. In Indochina, they had stepped up their offensive at Dien Bien Phu although a cease fire was already under negotiation at Geneva. The Chinese Government is on the defensive on the islands and should not be put in the same category with the aggressor. The Chinese Communists do not respect a cease-fire resolution—only force. The New Zealand move will not prevent Communists attacks, but a Seventh Fleet gesture is understood by the Communists. The off-shore islands are vital to the Chinese Government and the Government would have to fight to hold them. A cease-fire could not be depended upon.

Mr. Robertson asked what would Nationalist China have to lose by the cease fire effort? If and when the Communists contemptuously reject the proposal he would guess that the Chinese Nationalist position in the Free World would be strengthened. If New Zealand does not raise the off-shore islands issue in the UN, sooner or later some less friendly nation is likely to bring up broader questions, possibly including trusteeship. The New Zealand move will forestall the introduction of embarrassing broader questions. If this limited resolution should be rejected by the Communists and their attacks on the islands resumed, their prospects of introducing proposals objectionable to Free China would be greatly reduced.

Vice President Chen Cheng said he anticipated that while the matter was still under consideration in the UN, the Communists would bring about another Dien Bien Phu to the loss of the entire Free World.

Mr. Robertson said he did not see that the mere introduction of the resolution would improve Communist capabilities. He did not see that this observation constituted a reason for opposing the New Zealand resolution.

The Vice President said that he was concerned not with opposing the resolution but with how to achieve a secure cease-fire. Unless effective defense arrangements could be made in advance, the Com-

munists would be given a good opportunity for successful aggression.

Mr. Robertson asked—"How?"

Vice President Chen Cheng said he did not think that New Zealand was acting entirely on her own initiative, and he feared the Communists already knew of U.S. reluctance to assist in the defense of the off-shore islands. The Communists knew of the U.S. decision not to cross the Yalu in Korea before American Commanders knew it. They know how to take advantage of such decisions.

Mr. Robertson asked if the New Zealand resolution would leave the Chinese Government worse off? He pointed out that there was no request for any action which would weaken the position of the Chinese Government vis-à-vis the Communists. On the contrary, the desire was to strengthen the Chinese Nationalist position.

General Chang Chun in response to a query from President Chiang, remarked that if the New Zealand proposal were adopted irrespective of its acceptability to the Chinese Government, it would be extremely important for the U.S. to agree to a bilateral pact which would *include* the off-shore islands.

Mr. Robertson interjected, "No." He said that President Eisenhower feels that the off-shore islands cannot be included. Mutually acceptable language would have to be worked out in reference to territory necessary for the defense of Formosa and the Pescadores. The U.S. Government has announced that any Communist attempt to take Formosa would mean war with the U.S., but no wide general commitment can be submitted to the Senate for ratification. The New Zealand proposal might be an ingenious way to assure the retention of the off-shore islands through action by the Security Council. He agreed with Chang Chun that there was risk of Communist defiance of the UN on this issue, but such defiance would work against the Communists rather than our side.

General Chang Chun agreed that it would be possible and probably desirable for his Government to reserve its attitude toward the New Zealand proposal and wait for the Communist reaction. But the Chinese Government would have to take a voting position eventually. At that time the Government must have something constructive to tell its people and troops. Hence it is needful to start the defense pact discussions immediately, including a consideration of how to define the territory necessary for the defense of Formosa and the Pescadores.

Mr. Robertson said he thought General Chang Chun was exactly right. He said he wanted to get back to Washington immediately, and would strongly recommend that an announcement be made promptly that we are entering into negotiations for a bilateral pact.

General Chang Chun inquired if it could be arranged for the announcement of intention to negotiate a pact to be made at the time of introduction of the New Zealand resolution, and for the pact to be *signed* on the same day that the vote was taken. In that case the Chinese Government could instruct its UN delegation to cooperate with the U.S. delegation.

Mr. Robertson said that the suggested arrangement would be ideal. But he did not know how long it would take for the two Governments to get together on the treaty language. There was a question of semantics. Also it was important to use language which would keep the Chinese Communists guessing as to our intentions respecting the off-shore islands. Yet there could be no expressed inclusion of the off-shore islands. Solution of these drafting problems would determine the date of signing. It was a guess—there was no way of knowing when agreement on language could be reached. The proposal was scheduled to be introduced in the UN within the next few days, but presumably there would be no vote right away. Undoubtedly there would be some discussion. It would seem inadvisable for the Nationalist Government to take a position immediately. President Eisenhower and Secretary Dulles would wish to consider the language of any proposed treaty. Mr. Robertson said he would recommend promp consideration. He recognized the psychological value of an early announcement of intention to open negotiations.

President Chiang said that Mr. Robertson must have seen the Chinese draft of a proposed pact. [3] This draft did not mention the off-shore isalnds as such. What has happened to this draft?

Mr. Robertson said that the U.S. Government has studied the Chinese draft, but it has not been decided that the language is acceptable. He felt that suitable wording could be devised, but the conflicting considerations have not yet been reconciled. He wanted to repeat that the pact must be defensive in character, with no non-defensive action to be taken except as mutually agreed upon.

President Chiang said he agreed to the defensive nature of the pact.

Ambassador Rankin said that he wished to expand somewhat the views he had expressed earlier in response to President Chiang's request. He said he had given considerable thought to the matter since Mr. Robertson's arrival the afternoon before. It was regrettable that there was no single ideal solution. We are faced by alternatives all of which are less than perfect. To put it in the worst terms, it is a question of finding the least bad solution. On the mili-

[3] Presumably the draft given to Rankin on Dec. 18, 1953; see footnote 2, Document 161.

tary side it is an open question whether the Chinese Government, even with Seventh Fleet assistance, could hold the off-shore islands without U.S. commitment to full-scale war. This, as pointed out by Mr. Robertson, President Eisenhower is convinced, the Congress would not support if the off-shore islands were involved. Another point made by Mr. Robertson is that it is only a matter of time until someone raises the subject in the UN, possibly under less favorable circumstances. It should be recognized that the Government of New Zealand is well disposed even if you differ on the wisdom of this proposal. We must not suffer a reverse on the psychological factors. We must maneuver to maintain our position in the UN. The way the item is handled and the timing is important. It offers an opportunity to improve our joint position. Mr. Rankin added that while he did not like it and shared with President Chiang considerable unhappiness over the present situation, he believed President Chiang would be well advised to follow the course outlined by Mr. Robertson.

General Chang Chun remarked that the ostensible reason for Mr. Robertson's hurried trip was to discuss the assistance program. Many persons would doubt this, and the Communists would know better. Mr. Robertson is in charge of Far Eastern political affairs in the State Department, not economic and military aid. The Communists will know his real subject of discussion is the off-shore islands. This knowledge they may capitalize on unless we work very hard in the interim. The ideal course would be for the pact to be signed *before* the resolution is passed. That would create a better situation. A cease-fire would not be helpful, but undoubtedly a pact would have a good psychological impact.

President Chiang agreed that it was imperative to work very hard on the language of the pact—"beginning this moment." He expressed misgivings that the New Zealand Government may have been misled into proposing the resolution. He did not think they were knowingly playing the Communist game. He accepted their good faith and good intentions but perhaps they had been duped.

Mr. Robertson said there were two good reasons for thinking that the New Zealand proposal had not been inspired by the Communists: (1) The Communists would have worked for a different and much broader kind of resolution. The New Zealand resolution covers only one narrowly defined point. (2) New Zealand looks to the U.S., not Great Britain for her security in the Pacific. New Zealand is in ANZUS, while Great Britain is not. New Zealand is not naive. New Zealand well knows that it is not in her interest to conspire with the sympathizers of Red China in trying to put anything over on the United States.

General Chang agreed that New Zealand itself is not influenced by the Communists. But he said that their proposed action would tend to achieve a Communist objective. However, he preferred not to discuss this futher.

Mr. Robertson said that as to the reason for his visit, he of course could not say anything which would not be in harmony with the State Department press release which mentioned that he would discuss the aid programs. There was nothing inconsistent about this since the economic assistance programs for all countries are subject to the policy guidance of the Secretary of State. Basic foreign economic policy is the responsibility of the Secretary of State, not Mr. Stassen. Mr. Robertson said he would prepare some sort of supplemental statement for the press which he would show to the Generalissimo.

Mr. Robertson remarked that the New Zealand proposal might never come to a vote. He would recommend to the Secretary that we proceed with the negotiation of a treaty regardless of the disposition of the New Zealand proposal. It is the U.S. opinion that the U.S. delegation should support the New Zealand proposal. If we have a firm agreement with New Zealand to limit the item to the one point, we would be prepared to use all our influence to get other Security Council members to agree to exclude everything except this one point.

The U.S. has already told New Zealand that we would not support any resolution which would permit discussion of wider political questions such as those mentioned this morning. To show the current state of U.S. public opinion on the issue of a UN seat for Communist China, Senator Knowland has said that in response to his statement that he would resign his Senate seat if necessary to fight the Chinese Communists' admission to the UN [4]—he had received the heaviest mail in his experience—thousands of letters, more than 90 percent supporting his position.

The Generalissimo said that because of Mr. Robertson's long record of friendship for China and his frustrating experiences with the Chinese Communists, he hoped for good results from Mr. Robertson's visit. Some way must be found to solve the problems. He knew that all three Americans present had had experience with the Communists and shared a deep dislike and distrust of them. All three knew the tricks, intrigues, subterfuges and deceptions of the Communists. But perhaps not fully enough. He said that he did not agree that we would gain anything from the resolution. If adopted, it would be as great a blow to the armed forces as when General

[4] For text of Knowland's statement, made in the Senate on July 1, 1954, see the *Congressional Record*, vol. 100, part 7, p. 9426.

Marshall [5] attempted to mediate. Mr. Robertson should know. The Chinese people would think after a cease-fire that the Chinese Government had no hope. So they would tend to turn to the Communists. The adverse reaction in the Army would be immediate. The soldiers would be inclined to say "The U.S. is again trying to prevent us from fighting the Communists." The natural result would be the eventual loss of Formosa to the Communists. The armed forces and the people would lose confidence and hope in their Government and the U.S. Government as well. They would say, "It is better to surrender to the Communists." This is the kind of consequence that would occur internally. He did not know whether Mr. Robertson had considered this. Next the U.S. probably could limit the scope of the text of the New Zealand resolution. But the U.S. could not prevent the Communists from attaching conditions to their acceptance. The Communists never accept unqualifiedly what you propose. Suppose the Chinese Communists do agree conditionally. There would be cease-fire talks and cease-fire inspection teams. While this is going on, the Communists would not stop their drive towards objectives. They would proceed just as they did during Geneva to get Hanoi and Haiphong. He was sure of this from his experience with the Communists. If it did not prove to be so, Mr. Robertson need never believe him again. This is sure to be the consequence. They will not deviate from their established objectives.

It has been said that if the Chinese Communists contemptuously reject the proposal and continue to fight "the responsibility will be on the Communist side." But what does this mean? The responsibility was on their side before, but it did not keep them from winning. The responsibility did not hurt them. During the Marshall Mission, the Government did almost everything requested of it. The Communists defied the mediation attempt and eventually won. If Formosa should be lost to the Communists, would the fact that the Communists were "responsible" bring it back? He said he had already talked several hours and would stop. He hoped that Mr. Robertson would quote these points to President Eisenhower and Secretary Dulles. He felt that something more concrete could and should be accomplished today.

Mr. Robertson said that he was somewhat confused by the President's remarks. The effect of the New Zealand resolution on the Chinese people would in his opinion depend on what kind of a resolution it was and what it said. He asked President Chiang what he

[5] For documentation concerning Gen. George C. Marshall's mission to China, December 1945–January 1947, see *Foreign Relations*, 1945, vol. VII, pp. 745 ff., and *ibid.*, 1946, volumes IX and X.

thought the position of the U.S. should be, bearing in mind its responsibilities as a member of the UN and the Security Council when the resolution merely called attention to the undoubted fact that the attacks on Quemoy and the counter-attacks on the mainland resulting therefrom threatened international peace and security.

President Chiang said that he would reserve comment on that. But the reaction of people on Formosa would be that the Americans must be behind the resolution. So it is the same as if the Americans introduced the resolution themselves. The Chinese reasoning is that the Americans do not like war. So rather than run the risk of war, they are willing to take action which may let the Communists take Formosa.

Mr. Robertson said he must not have made himself clear. The U.S. intention is to defend Formosa. This has been made clear to all the world.

President Chiang said that Mr. Robertson has talked about Formosa. But the off-shore islands are involved also. The Chinese people will only think about the simple facts. He said that he did not want to dwell on the dark period of Sino-American relations:—the Marshall period, the White Paper [6] and other unpleasant events. The situation has now improved. U.S. aid is generous. The Government hopes for increased aid to help it fight back to the mainland. The people do not want a cease-fire and will be disappointed. It would be more appropriate if the U.S. reserved its position on the resolution and China opposed it. The press would criticize a failure of the Chinese Government to oppose the resolution. If the Chinese Government does not oppose the resolution, its position will be hard to justify. On the mainland, the Government took the risk of trying to cooperate with the Communists. At that time the Government was not experienced in the ways of the Communists. The people excused the blunder, but they would never excuse the same blunder again.

Mr. Robertson said he thought we were talking about two different things. Both countries are UN members. China as a party to the dispute, can reasonably reserve her position. But can the U.S. say it would not support a simple resolution intended to stop hostilities. To do so would make it seem that we want to bring on war. A refusal could not be squared with our obligations under the Charter.

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[6] For documentation relating to the publication of the China White Paper, *United States Relations With China*, in August 1949, see *Foreign Relations*, 1949, vol. IX, pp. 1365 ff.

President Chiang said he believed the U.S. has sufficient influence with New Zealand to cause it to withdraw its proposal. If the U.S. wants such a resolution, that is a different matter. But the Chinese Government must decide for itself what it will say to its own people.

If the U.S. prompted New Zealand to propose the resolution, in order to clear the way for a bilateral defense treaty, that would be another matter. But if New Zealand acted entirely independently, there is no favorable aspect to the resolution. It is entirely harmful to the interest of China and should be opposed.

Mr. Robertson said that in the absence of UN action, the Chinese Government is in danger of losing the islands. If the resolution is not vetoed, the effect will be to leave the islands in the possession of the Nationalist Government. If concurrently we start defense treaty negotiations, Free China will be in a stronger position. It will have the off-shore islands plus a treaty protecting Formosa. If the New Zealand proposal is suppressed and an all-out assault resulted in the loss of the off-shore islands would not the psychological effect be much more harmful to the morale of troops and people? It seems to the U.S. Government that a very bad situation would exist, resulting in the loss of more prestige than would be caused by a cease-fire resolution.

President Chiang said that he believed the Chinese people would prefer to fight for and lose the islands rather than accept the principle of cease-fire contained in the New Zealand proposal. But if the proposal was intended to lay a foundation for a defense pact, it would be viewed differently. To the Chinese man in the street and in the Army, acceptance of a cease-fire without sufficient explanation would result in the eventual loss of the islands. Like all Asians, the Chinese have watched the situation in Indochina closely. After the negotiations at Geneva, all of Indochina was surely doomed. The beginning of negotiations with the Communists will eventually lead to the loss of Formosa.

Prime Minister O.K. Yui spoke at the invitation of the President. He said the Chinese Government recognizes that the objective of the U.S. and the New Zealand Governments is peace. We all want peace. But the best way to obtain it is through a firm attitude, a positive policy toward the Communists. The best way is through a bilateral treaty.

Mr. Robertson asked the Generalissimo what his attitude toward the New Zealand resolution would be if he were in the U.S. position, bearing in mind the obligation imposed upon members under the UN Charter?

President Chiang said he was not inclined to discuss this. The problem was how to prevent New Zealand from introducing the

resolution. Then the question raised by Mr. Robertson would not be presented.

Vice President Chen Cheng said he hoped that Mr. Robertson could find a solution. Both Governments had the same objectives but the Chinese Government believes that a strong attitude and harsh measures against the Communists were called for, rather than the conciliatory New Zealand approach.

Mr. Robertson recalled that over a year ago the U.S. Government tried to get the French to bring the Indochina question before the UN. They refused. If they had, there might well have been no Dien Bien Phu and no loss of Indochinese territory. There was no parallel between the Indochina case and the proposed action as to the off-shore islands.

The former was not brought before the UN. Mr. Robertson said he did not have and never had had any illusions about the Communists going all the way back to 1945.

President Chiang said he did not blame the U.S. for the reverses in Indochina. He only blamed the French. He considered that the U.S. policy as to Indochina was correct.

Mr. Robertson said in answer to a question raised earlier by the Generalissimo that no inspection teams on the off-shore islands to enforce any UN resolution were envisaged. The resolution would in effect be directed principally against the Chinese Communists.

President Chiang said that his view was different. He thought Communists would welcome the resolution. If he were Vyshinsky, [7] he would start with something like this. He thought the Communists, before showing their real attitude, would dilly dally, using delaying tactics until Formosa fell to the Communists.

Mr. Robertson said he thought it more likely that they would reject it. He asked if the New Zealand resolution were introduced and the U.S. announced the opening of bilateral treaty negotiations, did President Chiang not agree that the combined courses of action would be in China's interest?

President Chiang said that if the *treaty* announcement were made *simultaneously,* it would not fully offset the bad effects of the New Zealand action. But if the announcement were made before the resolution was introduced, the net effect perhaps would be helpful. If the announcement came after, the overall result would be harmful to both our Governments. Hence for the good of the two Governments and the maintenance of the morale of the people he hoped that, if the New Zealand action came next week, the treaty announcement could come this week.

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[7] Andrey Yanuaryevich Vyshinsky, Soviet Deputy Foreign Minister and Permanent Representative at the United Nations, 1953–1954.

Mr. Robertson said he thought the New Zealand action was planned for the end of this week.

President Chiang said in that event, he hoped the treaty announcement could come today or tomorrow.

Mr. Robertson said that if the two actions were taken simultaneously, they would be in the news at the same time. This would appear to serve the purpose which the Generalissimo apparently had in mind.

(At this point, approximately 1:50 p.m., conversations were recessed, with the understanding they would be resumed at the Presidential residence before the President's dinner for Mr. Robertson.)

Continuation of Conversations 7:30 p.m.

Place: Presidential Residence, Taipei

Participants: Same as at 11:00 a.m.

President Chiang asked Mr. Robertson if he had any new ideas. Mr. Robertson answered negatively saying he had pretty well covered the field from his standpoint in the previous discussions. He would strongly recommend to the Secretary that we announce negotiations for a defense pact at least at the same time as the New Zealand action. Since the Secretary may now be isolated on Duck Island, [8] it is doubtful that it is possible to announce anything in regard to a treaty before the New Zealand proposal, but he did hope for simultaneous action, which he thought would have the same effect. The wording of the New Zealand resolution would not diminish the force of a defense pact announcement.

President Chiang said that he had spent the afternoon in consideration of the problem. Could Mr. Robertson tell him the attitude of Admiral Radford on the matter. Mr. Robertson said that Admiral Radford knew of the proposal. He could not represent Admiral Radford's views and would not endeavor to quote him. He had not heard Admiral Radford express any opposition.

President Chiang said that something had happened on the Communist side since Mr. Robertson left Washington three days before. He was referring to a joint statement by the Soviets and the Chinese Communists. [9] He thought this statement changed the situa-

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[8] An island in Lake Ontario; Secretary Dulles' vacation retreat.

[9] The People's Republic of China and the Soviet Union issued several statements on Oct. 12, following negotiations during the Khrushchev delegation's visit to China. These included a joint declaration on Sino-Soviet relations and international affairs; a joint declaration concerning the question of relations with Japan; and communiqués announcing agreements on new Soviet credits and economic aid, the transfer to China of the Soviet share of four Sino-Soviet companies, the completion of new rail connections between China and the Soviet Union, new arrangements for Sino-Soviet

Continued

tion and recommended that the American Government reconsider its position in the light of the statement. He said that according to the statement, the Soviet Union would return Port Arthur to the Chinese Communists and help build two railroads, one in Mongolia and one in Sinkiang. There were other important items. The statement demanded the withdrawal of the Seventh Fleet [10] and also the withdrawal of U.S. forces from Japan. [11]

The President remarked that there was always united action on the Communist side. The anti-Communist countries always lagged behind the Communists. Right now the U.S. was hesitating as to a defense pact. He urged Mr. Robertson in the light of the joint statement to make a recommendation against the New Zealand proposal to Secretary Dulles. The best way to deal with the present situation was to stop the New Zealand resolution. He was talking not only in terms of Chinese interests, but also the best interests of the U.S. The New Zealand proposal would eventually get the United States in a dilemma. The Communists are the aggressor. The Chinese Nationalists, as the representatives of China in the UN, are recognized as having sovereignty over China. It cannot be disputed that the Chinese Government has been attacked on the offshore islands. A cease-fire would recognize the "belligerency" of Communist China. It would treat Communist China as a full equal of Nationalist China and no more to blame for the hostilities. As in the case of Korea, a cease-fire would bring no benefit—only harm. He hoped that New Zealand would decide not to submit the resolution. If New Zealand did go ahead, he hoped the resolution would be worded to the effect "Communist China should stop aggressive action against the offshore islands, which are part of the territory of the Chinese Republic, a member of the United Nations." Such wording would offset the damage and might do some good. Without such wording, his Government and the Chinese Communists would appear merely as two equal belligerents.

Mr. Robertson said he did not follow the President. The Nationalists and the Communists are the ones who are fighting each other. A resolution designed to stop the hostilities would have to

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scientific and technical cooperation, and the withdrawal of Soviet forces from Port Arthur. The texts of these statements are printed in *Documents on International Affairs, 1954*, pp. 321–328.

[10] The declaration on Sino-Soviet relations and international affairs, cited in footnote 9 above, declared that "the continued occupation by the United States of a part of the Chinese People's Republic's territory, in particular the island of Taiwan (Formosa)," was "incompatible with the tasks of maintaining peace in the Far East and lessening of international tension."

[11] The declaration on Japan, cited in footnote 9 above, charged that Japan was still a "partly occupied country," her territory "covered with numerous United States military bases."

refer to both parties. He could not see that the technical question of belligerent status made any difference. President Eisenhower and Secretary Dulles had reviewed the situation carefully and believed that the UN move presented a possible means of insuring continued retention of the islands by the Chinese Government.

President Chiang asked three rhetorical questions:

1. Does the UN recognize the Chinese Republic?
2. Is the Chinese Republic a member of the UN?
3. Does the Chinese Republic hold the offshore islands?

He said he hoped that the obvious answers to these questions would be taken into account. If encroachment by the Communists on the territory of China is not recognized as aggression, he wondered about the adequacy of the UN Charter. The assault on Quemoy was an act which breached the peace. He considered it in the same category as the attack on South Korea. At that time the UN took sanctions. Here a quite different course is proposed. This does not seem consistent with the Charter. He said he understands the importance of recognizing realities and the importance of holding these islands. But a cease-fire proposal will make the Chinese armed forces think the offshore islands are not worth fighting for. They would no longer have any meaning to the armed forces. "If we lose the islands after making a good fight, there would be no fatal effect on the morale of the armed forces." But to support a cease-fire is to look for trouble. The best course is to persuade New Zealand not to act.

Mr. Robertson said it is a matter of record that the U.S. recognizes the National Government as the Government of China and the rightful representative of China in the UN. But many other nations recognize Red China. We don't like it, but it is a fact. The U.S. Government is constantly fighting to maintain the position of the National Government in the UN.

We think that New Zealand has fully decided to submit the resolution. We cannot infringe its unquestioned right to do so. We cannot deny that the hostilities around the offshore islands are a threat to peace and may lead to war in the area. The Communists do not know that the President does not have the right to extend the Seventh Fleet orders to include the offshore islands, but they may find this out through a series of probing actions if nothing is done in the UN to stop them. The Communists might launch attacks which would result in the loss of all the islands. This would be a serious reverse.

President Chiang said that whether the U.S. would assist in the defense of the islands was up to the U.S. But he would say resolutely that "Our people would fight alone to the last." He said his

people would rather fight and lose the offshore islands than see the New Zealand cease-fire proposal adopted. His forces had orders from him clearly stating the Chinese Government determination to fight even without the Seventh Fleet.

Mr. Robertson asked if he understood correctly that the Chinese Government would rather lose the islands than see the UN proposal adopted, supplemented by a mutual defense pact. The New Zealand proposal seemed to give a good sound reason for negotiating a defense treaty which would be complementary to the resolution. He added that he had assumed the Chinese Government considered it important to retain possession of the offshore islands.

President Chiang said that before he answered he would like to make an observation as to what should be done if it proved impossible to persuade New Zealand to refrain from introducing the resolution. He had already said that harm rather than benefit would result from the resolution. But if the resolution were submitted, a study should be made as to what should be done to minimize the harm to China and to the U.S. He had told General Marshall in 1945 that the directive given to him would harm the U.S. He felt certain that the projected resolution would harm the U.S. also—although it would take time to prove it. It was important to expedite the signature of the defense pact and to defend the offshore islands. The pact would do much to restore the confidence of the Asian people in the U.S. The timing was very important. It should be announced before or in any event simultaneously with the New Zealand action. It was even more important that it be *signed* before the adoption of the New Zealand resolution. If it were signed afterwards, the good effects would be dissipated.

Mr. Robertson said nobody knew whether the Security Council would adopt the resolution. The Soviet Union might veto it. He asked President Chiang if he would state his idea of the purport of the New Zealand resolution?

President Chiang said, as he understood it, the main idea of the resolution was to seek to preserve peace by stopping the hostilities. But, in his view, the resolution would bring no benefit. President Chiang asked whether, in the event of a Soviet veto, the U.S. would still undertake to negotiate a defense treaty?

Mr. Robertson said he thought the answer was yes. That would be his strong recommendation. He was satisfied that the intention was to proceed with treaty negotiations. This would be subject to confirmation from the Secretary of State when he reported the Generalissimo's views. It was the strong U.S. desire to assure the defense of Formosa and the Pescadores. He did not see that the New Zealand proposal, whether adopted or not, would change the existing situation as to the prospect for a defense treaty.

General Chang Chun remarked that it would seem strange for New Zealand in its resolution to treat the two parties as equal belligerents. New Zealand recognized Nationalist China. If they did not, the equal treatment would be more understandable.

Mr. Robertson reiterated the resolution would call only for the cessation of hostilities—without prejudice.

Mr. Robertson then said he would like to restate and obtain confirmation of his understanding of President Chiang's position:

1. The Chinese Government would prefer to leave matters as they are—that no resolution be introduced in the UN.
2. If New Zealand introduces the resolution, it should be announced, either beforehand (which would be preferable), or simultaneously that we are opening negotiations for a bilateral defense treaty.
3. If physically possible, the Chinese Government would wish the defense treaty to be signed before the Security Council vote is taken on the New Zealand resolution (recognizing that no one can know when the vote will be taken).
4. If New Zealand does bring forward the proposals and if we announce we are entering negotiations for a bilateral mutual defense pact, the Chinese UN delegation would not oppose the resolution and would reserve its position while ascertaining the reaction of the Communists.

General Chang Chun interposed a question. He asked whether, if there was no way to prevent the resolution, it could be worded to show the Communists as the aggressors. If so, there would be no question of the Chinese Government's position. The Government would not only not object—it might support the resolution.

Mr. Robertson said he could make no commitment for New Zealand. He understood the resolution as now drafted merely cites the fact that hostilities have taken place and calls for a cessation.

President Chiang said he understood of course the U.S. could make no commitment on behalf of New Zealand, but some U.S. action might have the same effect. Could the U.S. delegate stand up and say that this is an act of aggression on the part of the Chinese Communists? This statement on the record could have a good effect. He said his Government knew the U.S. representative could not say all that a Chinese delegate could say. If the U.S. could do merely what had been suggested, the Chinese delegate would reserve his position—he would say nothing at the outset.

Mr. Robertson asked what the Chinese position would be without the suggested U.S. statement?

President Chiang said he hoped the U.S. would find it possible to make such a statement. Clearly the Chinese Communists had committed an act of aggression.

President Chiang said he hoped the treaty could be signed irrespective of the outcome of the New Zealand resolution. He felt that if a treaty had been signed several months ago when proposed by the Chinese Government, the hostilities against Quemoy might never have started.

Mr. Robertson said the treaty should cover Formosa and the Pescadores but we do not want to convey any information as to the limitations of the treaty to the Communists. The problem is how to keep the Communists in the dark as to our intentions with regard to the offshore islands.

President Chiang asked if the U.S. intended to negotiate a treaty regardless of (a) New Zealand action, or (b) Soviet action on a New Zealand resolution.

Mr. Robertson replied, "that will be my recommendation."

President Chiang said that treaty talks have been going on for some time, and New Zealand had never entered the picture before. The Chinese draft treaty had been submitted to the Department many months ago. No answer had been received. He wondered what was the reason. He said that compared with the Communists, we are terribly slow. The Communists work as a smooth team. They have jointly put in a demand for U.S. withdrawal from Japan and Formosa.

Mr. Robertson observed we have not withdrawn from either place and if he knew anything, we would not withdraw.

President Chiang said that he was only citing an example of positive Communist tactics.

Mr. Robertson agreed that Free World divisions can be a source of trouble. He said that one of the difficulties in prompt negotiation of a treaty is how to define the area which is to be protected. We do not want a treaty which would give a green light to the Communists to take the offshore islands. It is very desirable that the offshore islands remain in Chinese Nationalist hands.

President Chiang said that perhaps appropriate language can be worked out acceptable to both sides which would make no mention of the offshore islands. There were also two understandings which his Government wished to incorporate in a separate exchange of notes:

1. No offensive action is to be taken by the Chinese Government without the consent of the U.S.
2. If the enemy attacks the offshore islands, the U.S. will assist in the defense of the islands.

Mr. Robertson said he could make no commitment whatever on the second point. President Eisenhower feels that the Congress will

sanction U.S. participation in the defense of Formosa and the Pescadores but not the offshore islands.

President Chiang said he did not ask for a definite reply just now. He merely asked Mr. Robertson to take the request back to the President and the Secretary of State.

General Chang Chun said that Ambassador Rankin had made some useful suggestions as to the scope of a defense pact in discussions with Foreign Minister Yeh last June.

Mr. Robertson said that the Secretary of State had felt that as things have stood, the President's directive to the Seventh Fleet gave the Chinese Government more freedom of action than would a defense treaty. The carefully considered position is that the President does not feel justified in asking the Congress to commit the U.S. to go to war over the offshore islands.

President Chiang said that it was his hope that, assuming both Governments to be sincere, formal negotiations could be opened immediately after Mr. Robertson's return. He said that he would appoint Foreign Minister George Yeh and Ambassador Wellington Koo as his plenipotentiaries with full authorization to enter into negotiations with the U.S. Government.

Vice President Chen Cheng said that he thought there was something of a contradiction in the U.S. position. President Eisenhower feels it is not possible for the U.S. to support action in defense of the offshore islands. On the other hand, if the New Zealand proposal should be adopted, the U.S. presumably will participate in the provisional UN protection of the islands.

Mr. Robertson said there was no contradiction. The U.S. could make no commitment to go to war in defense of the islands. The UN action does not require us to do so.

President Chiang said that since he became the head of the Chinese Government, he has tried hard to follow the policy of the U.S., sometimes at a sacrifice. The interests of the two countries have been essentially the same, so he has never tried to go counter to the interest of the U.S. In 1945–46 on the mainland, he knew that if his Government did as General Marshall requested, the result would be disaster. "But we took it." This is evidence that the Chinese government has not disregarded the wishes of the U.S. He now regrets that he did not speak to General Marshall as he has today spoken to Mr. Robertson. He did not know General Marshall as well. He did not talk vehemently to him. He did not say that the policy would lead to much trouble for the United States as well as disaster for China.

Today the New Zealand proposal is put forward. It is very important. If we follow the policy implicit in that proposal, Formosa is gone and there is no hope for a free China. He could not remain

silent because it was his duty to speak. So he would say very candidly and frankly that if the proposal is adopted and nothing is done to offset it, the Chinese Government would be forced to take its own course. That would be the course of justice and right. The course he would choose would be in the true interest of the U.S. also. He hoped this was very clear. If anyone else had been sent from Washington on this mission, he would not have said this, but Mr. Robertson, as his old friend, knows him well and there is no reason for a lack of candor. The opportunity afforded by Mr. Robertson's coming is a rare one for both sides to make themselves as clear as possible.

Mr. Robertson said that he did not understand a remark made by the Generalissimo as they went in to dinner to the effect that it might have been better if he had not come at all with such a proposal. Mr. Robertson remarked that he could have saved himself a long tiresome trip and devoted his time to other pressing matters. But he wanted to come because it would have been impossible to have had this discussion by cable.

President Chiang said he felt that the subject had not been exhausted but the main points had been covered.

Mr. Robertson said he assumed that the President had reference to a defense pact when he referred to delays and deplored the fact that nothing was being done.

President Chiang said of course that was what he meant. He said the Chinese Government was prepared for the eventuality that the US might not sign. It has seemed that the US does not intend to sign. Even at this moment he has doubts.

Mr. Robertson said that he had no doubts. If it was stipulated that there would be no offensive action except, as agreed, he would have no doubts.

President Chiang said that his Government had agreed many months ago to refrain from offensive action unless US approval were obtained. But there was no answer. Now the New Zealand proposal comes very suddenly.

Mr. Robertson said that the Secretary had explained his reluctance to proceed with the treaty. He did not want to freeze the Chinese Nationalist position. He felt that the Chinese Government had more freedom of action without a treaty than with one.

President Chiang said there were many things he could say, but the hour was late, he did not want to repeat, he did not want to embarrass—

Mr. Robertson said "there is no embarrassment".

General Chang Chun said that Mr. Robertson knew China and the Chinese better than anyone. He was in charge of Far Eastern affairs for the US Government. He was a good friend. The Chinese

Government believed that he could influence the President of the United States.

Mr. Robertson said he considered that the Chinese Government has been a staunch, loyal, cooperative ally of the United States. Both Governments have made mistakes, but "we think the US has proved its loyal friendship for China".

President Chiang said that he agreed.

General Chang Chun said it was a pity that Mr. Robertson did not accompany Secretary Dulles on his recent stopover in Taipei. All were sorry for the illness which prevented it. He said Mr. Robertson was a friend of China, and was able to formulate U.S. Far Eastern policy. He said he knew Mr. Robertson had great influence in making Far Eastern policy, especially as to China.

Mr. Robertson said he had always expressed his views as to China with the greatest frankness both publicly and privately. There were differences of opinion as to the right policy in the US as in China. US–China policy has been controversial for many years. So one can do only what can be done. One cannot ignore what is impossible.

President Chiang agreed. He said we must consider the limitations imposed by reality, but also the consequences.

President Chiang wished Mr. Robertson every success and a good return trip as the meeting ended at approximately 11:15 p.m.

No. 338

793.5/10–1354

Memorandum by the Counselor (MacArthur) to the Secretary of State [1]

TOP SECRET [WASHINGTON,] October 13, 1954.

This morning Admiral Radford made reference to your letter to Secretary Wilson [2] regarding the possibility of a security treaty with the Chinese Nationalist Government. Admiral Radford said he had not interpreted your letter as requiring the JCS to come up with a massive study and recommendation with respect to such a

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[1] A notation on the source text indicates that it was seen by Secretary Dulles.

[2] A letter of Oct. 8 from Dulles to Wilson reads as follows:

"In a telephone talk I had with the President yesterday, he indicated that if Chiang went along with a program for ending the fighting relating to the offshore islands, we might consider a security pact to make clear our determination to hold Formosa and the Pescadores.

"This has not been before the NSC, but I understand that the conclusion of such a security treaty has the approval of the JCS." (793.5/10–854)

treaty. He said that furthermore, in the light of the President's views on this question as indicated by your recent exchange with the President, it would seem to be a little bit academic.

I said it was my understanding that the purpose of your letter was to acquaint Secretary Wilson and the JCS with the fact that a security treaty with the Chinese Nationalists was a possibility. I added that I believed you would be operating on the assumption that this was consistent with the position of the JCS and Department of Defense.

I added that I believed Admiral Radford's interpretation was correct that your letter was not indicative of a desire for a massive study by the JCS with recommendations. [3]

D MAC

[3] A memorandum of Oct. 12 from Admiral Radford to Generals Twining, Ridgway, and Shepherd and Admiral Carney states that the Secretary of Defense had requested that the JCS views concerning the desirability of a bilateral security pact between the United States and the Republic of China be given to him by Oct. 27. A note of Oct. 22 from the JCS Secretaries to the Joint Chiefs of Staff states that, in a discussion of the subject on October 13, the Joint Chiefs of Staff agreed "that from a military viewpoint the *status quo* in United States-Nationalist Government of the Republic of China relationships was preferable to a firm United States-Nationalist Government of the Republic of China bilateral security pact" and that the JCS Chairman would transmit these views orally to the Secretary of Defense. (Both documents constitute JCS 1966/91; JCS files)

No. 339

793.00/10-1454: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

TOP SECRET PRIORITY TAIPEI, October 14, 1954—1 a.m.

272. Eyes only Secretary and MacArthur from Robertson. Rankin, McConaughy, and I had three meetings with President today totaling approximately seven hours. Vice President Ch'en Ch'eng, General Chang Chun, Premier O.K. Yui, and Acting Foreign Minister Shen present. Present proposal following talking papers closely. President's reaction strongly adverse as expected. He is deeply suspicious this new proposal will be used as opening wedge for submission of Formosa question to United Nations and for seating of Red China. His misgivings shared by participating advisers. President strongly urges United States to use influence not submit resolution. If New Zealand is to proceed in any event, and is supported by US delegate, psychological impact on morale of army, people and overseas Chinese will be disastrous unless (1) US

delegate takes position that US Government is supporting resolution because it considers Red China aggressor in attacks on Nationalist held territory, and (2) that simultaneously with or preferably before submission to United Nations US announces it is initiating negotiation of mutual defense pact. Such treaty to be signed if possible before action by Security Council. Under these conditions Chinese delegation would not announce its opposition but would reserve position awaiting reaction of Communists.

President emphasized repeatedly he would greatly prefer no proposal be submitted to United Nations and that we use influence with New Zealand to this end. The three of us recommend that you postpone action until Chinese position can be considered by Secretary and they be advised of our decision. Chiang clearly understands that treaty will be defensive and that no offensive action could be taken except by mutual consent. Telegraph Rankin text New Zealand proposed resolution soonest.

RANKIN

No. 340

611.93/10–1454

Memorandum by the Counselor (MacArthur) to the Secretary of State [1]

TOP SECRET OCTOBER 14, 1954.

There is attached a self-explanatory report from Walter Robertson. [2] The Acting Secretary held a meeting this morning to get a general consensus about this message and the consensus was as follows:

1. We should notify the New Zealand and United Kingdom representatives that a message has been received from Walter Robertson which indicates that the ChiNat attitude is negative and that Robertson's report must be brought to your attention before we can proceed further. They are being informed that the message has been dispatched to you and we will be in touch with them later today. (This has already been done.)

2. With regard to the two conditions laid down by the Chinese, it was the consensus that so far as the first condition is concerned we can inform Chiang that in supporting the New Zealand resolution

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[1] A notation on the source text indicates that it was shown to Secretary Dulles by MacArthur, who flew to Duck Island on Oct. 14 to consult with him. No place is cited in the dateline of the source text.

[2] See telegram 272, *supra*.

we will make it clear that the situation which has arisen is a result of the intensification of Chinese Communist military activity against Quemoy coupled with threats against other off-shore islands and against Formosa and the Pescadores but that as he will observe the purpose of the New Zealand resolution is to terminate the existing hostilities in the area of Quemoy and not the condemnation of Communist China as an aggressor. (If we adopt the position that the objective of the resolution is to condemn Communist China as an aggressor it seems quite clear that both the U.K. and New Zealand would not proceed as it is not in accordance with our agreed resolution and minute.)

With regard to the second condition relating to a mutual defense treaty we suggest that our reply might be to the effect that the Administration looks with favor on this idea, as long as it is clearly understood that the treaty will be defensive and no offensive action will be taken except by mutual consent. However, it is essential that Congressional leaders be consulted before a final commitment can be made. The Administration would strongly recommend to these leaders conclusion of such a treaty, and would begin such consultations without delay. Chiang should also be informed that if there were leaks on this prior to the consultation of the Congressional leadership the Administration's task of winning Congressional support for such a treaty would be seriously complicated.

3. If we proceed along the above lines we believe that we would have to inform both the U.K.and New Zealand regarding the position we have taken with respect to the conclusion of a mutual defense treaty. This would most probably mean that the matter would almost certainly have to be referred back again to London and also Wellington.

4. We have telegraphed the text of the proposed resolution to Rankin [3] but have instructed him to hold it until further instructions.

5. It is our understanding that Walter Robertson left Taipei last evening at 8:30 p.m. Washington time and will be due in Washington at 8:00 a.m. tomorrow morning Washington time.

6. How would Congressional consultations be undertaken and who would be consulted ?

7. Should the President be notified ? (Any other cabinet?)

8. Should Lodge have Robertson's message ? [4]

DOUGLAS MACARTHUR II

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[3] Telegram 231 to Taipei, Oct. 14. (793.00/10–1454)

[4] A memorandum of Oct. 14 from MacArthur to the Acting Secretary outlined the results of his consultation with Dulles as follows: a draft telegram to Chiang Kai-shek; a covering telegram to Ambassador Rankin; a talking paper to be used that

Continued

No. 341

611.93/10–1454

Memorandum by the Counselor (MacArthur) to the Acting Secretary of State [1]

TOP SECRET [WASHINGTON,] October 14, 1954.

In our conversation at Duck Island, the Secretary mentioned that he had been reflecting on our policy with respect to the Chinese Nationalists. As long as the Korean war was in progress and indeed as long as there was a possibility of our becoming involved in the Indochina hostilities, our policy with respect to Formosa as a threat against the flank of Communist China made good sense as did the concept of having Formosa a point from which harassments against the mainland could be conducted.

However, with the end of hostilities in Korea and Indochina we do not have the same valid basis for preserving for Formosa the concept of a "privileged sanctuary" from which one-way operations against the mainland could be conducted. Therefore, the idea of a defensive security pact is fully in keeping with the altered circumstances in the area.

I believe he will discuss this further with you upon his return.

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evening with the British and New Zealand representatives (none of the above attached to the memorandum); instructions that the President should be provided copies of Robertson's telegram from Taipei and Dulles' message to Chiang and that he should be informed that the Department had told the British and New Zealand representatives of the probability of a U.S.-Chinese security treaty; and instructions that Lodge should be informed verbally that the Chinese reply was negative, that Chiang had raised the question of a security treaty, and that the Department was sympathetic to this but could not take action on it for several weeks and hence did not wish it known publicly. (793.00/10–1454)

[1] Also sent to Robertson and Bowie.

No. 342

793.00/10–1454

Memorandum of Conversation, by the Deputy Director of the Office of United Nations Political and Security Affairs (Bond)

TOP SECRET [WASHINGTON,] October 14, 1954.

Subject: China Item: Consultations with the United Kingdom and New Zealand

Participants: Mr. Douglas MacArthur, II, Counselor
Mr. David McK. Key, Assistant Secretary

Mr. Edwin Martin, Acting Director for Chinese Affairs
Mr. Niles W. Bond, UN Political and Security Affairs
Sir Robert Scott, Minister, British Embassy
Miss Barbara Salt, First Secretary, British Embassy
Mr. Hunter Wade, First Secretary, New Zealand Embassy

The above-listed representatives of the UK and New Zealand came to the Department this evening at 7 o'clock at Mr. MacArthur's request to receive from him a report of his conversations with the Secretary earlier in the day at Duck Island. Mr. MacArthur opened the meeting by saying that the reply which we had received from Taipei had made it clear that the attitude of President Chiang Kai-shek with respect to the proposed China item was strongly negative, although not necessarily hopelessly so. He said that the Secretary wished to have his views on this general question passed along in full to the UK and New Zealand representatives for transmittal to Mr. Eden and the New Zealand Government, and that he had consequently made extensive notes on the Secretary's remarks from which he would read. Mr. MacArthur then read to the UK and New Zealand representatives from the attached paper (Tab A).

After Mr. MacArthur had finished his presentation, Sir Robert Scott expressed his appreciation for the frankness and fullness with which the Secretary's views had been presented, and said that the Embassy would pass them on at once to Mr. Eden.

In response to a question from Sir Robert, Mr. MacArthur confirmed that the Secretary was not linking the proposed mutual defense treaty to the New Zealand resolution, in the sense that our willingness to proceed with the latter was not dependent upon the negotiation of the former. He suggested that the existence of a mutual defense treaty with the Chinese Nationalists might go a considerable way toward meeting the UK desire for a general pacification in the area. He further pointed out, referring in particular to the third paragraph of the attached paper, that this would not involve the creation of a "privileged sanctuary" on Formosa. Sir Robert said that it was his assumption that the UK and New Zealand were not being asked to accept any responsibility in the matter of the conclusion of a mutual defense treaty between the U.S. and Nationalist China. Mr. MacArthur said that was correct. Sir Robert then asked whether the proposed U.S. commitment with respect to a treaty would mean that the Chinese Nationalists would refrain from vetoing the New Zealand resolution. Mr. MacArthur and Mr. Martin replied that, although there could be no ab-

solute assurance on this point, it was our feeling that this was the most effective way of obtaining their acquiescence, and that with the prospect of a treaty in view they might very well decide to lie low and not actively oppose the resolution.

Sir Robert then raised the question of whether the proposed treaty would cover the inshore islands with which the New Zealand resolution was designed to deal. Mr. MacArthur expressed the personal view that it would not but said that we had been working on language which would cover that point. Sir Robert then raised the question of the legal status of Formosa, to which reference had been made in the attached paper, in response to which Mr. Martin explained the U.S. thinking on this question. Sir Robert asked what we would do if the Chinese Nationalists should make a premature announcement of our decision to negotiate a treaty. Mr. MacArthur replied that it was our hope that we could prevent such an occurrence.

After a further discussion of the procedural details involved in going ahead with the New Zealand resolution, Sir Robert summed up by saying that it was his understanding that what Mr. MacArthur had been telling them was (1) that it was the U.S. intention to negotiate a mutual defense treaty with the Chinese Nationalists but that it would be done if possible without publicity, at least for the duration of consideration of the New Zealand resolution, and (2) that so far as the New Zealand resolution itself was concerned, we were willing to go ahead. Mr. MacArthur confirmed that understanding but pointed out that if consideration of the New Zealand resolution should be unduly protracted, we might be obliged to move ahead with our treaty negotiations before the resolution had been disposed of.

[Tab A]

Paper Prepared by the Counselor (MacArthur) [1]

TOP SECRET [WASHINGTON,] October 14, 1954.

The views of the Chinese Nationalist Government are strongly negative. Nevertheless, we are prepared to proceed and to use our best efforts to keep Nationalist opposition within tolerable bounds. However, in this connection, we shall probably have to consider the coming to some understanding with President Chiang Kai-shek with reference to a defensive security treaty. We ourselves desire

[1] The paper's heading reads: "Substance of Secretary's Views, to be communicated to UK (for Mr. Eden) and to New Zealand Representatives."

such a treaty, and have for some time been considering it. As you know, we regard Formosa as an essential link in the off-shore island chain, which includes the Aleutians, Japan, Ryukus, Formosa, the Philippines, and Australia and New Zealand. We have security arrangements with every link in this chain except with Formosa. Now also, Southeast Asia will be included under the Manila Pact. In each case, there is either a direct US interest, as in the Ryukus, or a security treaty which has been approved by the Senate. Such a treaty gives the President a scope for action in emergencies which is not available to him if there has been no prior Congressional action.

In the case of Formosa, the President's authority derives from the Korean war. With, however, an end to Korean hostilities, the Executive's authority to order our military forces into action should be made clearer, and we have for some time planned to replace this former authority with the unquestionable authority which would reside in a security treaty ratification by the US Senate.

We have made clear to President Chiang that any such security treaty, if made, would be wholly defensive and that it would not be possible for us to throw defensive protection around Formosa and the Pescadores if at the same time these islands were used as a base for offensive operations.

Chiang has asked that if the New Zealand resolution proceeds, we should at that time make clear our intention to make a security treaty with him. We have told him that we are unwilling to make any announcement on our part coincide with the New Zealand action. However, in line with our policy of the fullest possible exchange of confidence on these matters, I think you should know that it is probable that the New Zealand action will somewhat accelerate the taking by the U.S. of this action to close what is now the only gap in a Western Pacific position which is deemed vital to the U.S.

In this connection, you will of course recall that the U.S. has a juridical position in that these islands have never been ceded by Japan to China. Japan has renounced its own right and title to the islands, but their future status was deliberately left undetermined, and the U.S. as a principal victor over Japan has an interest in their ultimate future. We are not willing that that future should be one which would enable a hostile regime to endanger the defensive position which is so vital in keeping the Pacific a friendly body of water.

The Secretary hopes and believes that the position indicated above will not alter your views with reference to our proceeding. Indeed, the defensive assurances which would couple any security

treaty, if and when it were announced, would be a further step toward pacification in the area. It is, however, our purpose to avoid any public step in this matter, at least until we have a chance to see the probable fate of the New Zealand resolution.

No. 343

793.00/10–1454: Telegram

The Acting Secretary of State to the Embassy in the Republic of China [1]

TOP SECRET NIACT WASHINGTON, October 14, 1954—8:03 p.m.

236. Eyes only Ambassador Rankin from Secretary. Please deliver at once message contained immediately following telegram from Secretary to President Chiang Kai-shek. In so doing please stress necessity for absolute secrecy. You should tell him that due to absence of key Congressional leaders from Washington we cannot complete our consultations re mutual defense security treaty for at least three weeks, when Congressional elections will be over and Senate reconvened for action on McCarthy matter. [2] Therefore no announcement or word of our intention to initiate discussions with ChiNats can become public until we have completed our Congressional consultations and agreed with ChiNats on an appropriate announcement.

HOOVER

[1] Drafted by MacArthur and approved by Dulles.
[2] A proposal to censure Senator Joseph R. McCarthy (R–Wisconsin).

No. 344

793.00/10–1454: Telegram

The Acting Secretary of State to the Embassy in the Republic of China [1]

TOP SECRET NIACT WASHINGTON, October 14, 1954—8:04 p.m.

237. Eyes only Ambassador Rankin from Secretary. Re immediately preceding telegram, [2] following personal message for Chiang Kai-shek from Secretary:

[1] Drafted by Dulles.
[2] *Supra.*

Begin text. Dear Mr. President: Walter Robertson has reported on his talks with you. I am not surprised that your initial reaction to the New Zealand proposal is negative. I have myself shared many of your doubts. However, I believe that the ChiComs' reaction will be even more negative than yours. I do not think they will want to have the UN throw a mantle of protection around these off-shore islands, and I doubt that they will even appear under circumstances where your Government represents China on the Security Council and they appear, if at all, merely as invited parties. Therefore the probable result will be that the ChiComs will again show a disregard for the processes of the UN, thus strengthening the moral position of your side. But even the pendency of this matter on the agenda of the SC may in fact operate to deter their armed attacks against these islands, as such attacks would show their aggressive intentions and disregard of the UN, and to justify and strengthen the resolve of other govts who withhold recognition of the ChiComs.

You may be confident that the US will never agree to a submission to the UN of the question of the ChiComs' right to govern Formosa, and already our discussions with New Zealand have gone as far as humanly possible to assure that its submission will not involve other than the precise matters covered by its proposal.

Of course it is always possible for any UN member at any time to bring to the SC or GA any question it wants regarding the Chinese situation. Even if New Zealand withdrew its proposal, that would not prevent someone else from introducing this matter into the UN in a much more controversial way. However, one thing you can know, and that is the solid position of the US.

The US statement in the SC in relation to the New Zealand resolution would be one of sympathy to the extent that it seeks to terminate hostilities that have been recently initiated by the ChiComs and which potentially involve a threat to the US by virtue of its committal to defend Formosa. We would of course make clear that the present hostilities were initiated by the ChiComs, although we would not in this connection ask that the resolution condemn Red China as aggressor. Our policy, which we believe you share, of closely limiting what the SC should deal with, would require us to support the resolution, which we believe has, through much effort on our part, been reduced to acceptable limited scope. If we should take the initiative in trying to enlarge the resolution, then that would open up a series of counterproposals, and all the questions which you and I are concerned about might be injected into the SC debate.

In confirmation of what Robertson will have told you, we are in principle prepared to make with you a defensive security treaty

along the lines which you discussed with me. We greatly doubt, however, that it would be possible to announce or sign this treaty as quickly as you apparently suggested to Robertson. To attempt this would be to risk failure, because we shall first have to have private conversations with Senate leadership, both Republicans and Democrats. We do not doubt that such a treaty will win Senate approval, providing we have ample opportunity to explain its implications and what it is all about. If, however, the matter were to become public before our private explanations, then we fear that some Senators would publicly commit themselves to opposition, and once they are publicly committed then their conversion to support becomes extremely difficult. Also, the precise procedure we should adopt will depend to some extent upon the outcome of the November Congressional elections which will determine whether the Republicans or Democrats will organize the next Senate which would have to consider this treaty.

We have considered trying to have action before the SC delayed, but New Zealand has been pressing urgently for prompt action, and indeed the military position reported by our intelligence suggests that if these off-shore islands are to be saved and your Government spared a grave blow to its prestige, then this alternative procedure should quickly be gotten under way.

I am asking Ambassador Rankin to show you the text of the New Zealand proposal. In its present form it represents a very considerable modification from the initial proposal and is restricted carefully in its scope to an area where we do not believe your Government's position could be injured.

We are resuming discussions with New Zealand in the above spirit. We do not know whether New Zealand will proceed. We shall keep you promptly informed and in the meantime beg that you will observe the closest secrecy with respect to all of these matters.

With assurance of my high regard, I am

John Foster Dulles. *End text.*

HOOVER

No. 345

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum by the Acting Secretary of State to the President

TOP SECRET EYES ONLY [WASHINGTON,] October 15, 1954.

With respect to the China matter we had a report from Walter Robertson yesterday morning, a copy of which is enclosed,[1] which, in view of its nature, I sent up to Secretary Dulles at Duck Island yesterday by Douglas MacArthur, II. As a result of Mr. Robertson's message, the Secretary has dispatched a message to Chiang Kai-shek, a copy of which I also enclose.[2]

In line with our policy of dealing with the United Kingdom and New Zealand with the greatest possible frankness, in respect to these matters, on the Secretary's instructions MacArthur briefed the British and New Zealand representatives last night in a general way. He also let them know in strictest confidence that a security treaty with Formosa was a very definite possibility.

In the light of developments, the British are giving further consideration to the draft resolution proposed by New Zealand and I doubt that we will obtain Mr. Eden's final decision with respect to whether or not the United Kingdom will proceed until at least tomorrow.

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[1] Telegram 272 from Taipei, Document 339. The enclosures are not attached to the source text.

[2] *Supra.* Telegram 236 to Taipei, Document 343, was also listed as an enclosure.

No. 346

961.53/10-1554: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State [1]

SECRET TAIPEI, October 15, 1954—5 p.m.

275. Department's 228.[2] Instructions re Soviet tanker in reference telegram carried out today in conversation with acting Foreign Minister. He will consult other members of government and give us reply.

Shen said no further efforts being made obtain defections among Soviet crew and defectors to date (16 or 19) being rescreened by

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[1] Also sent to Paris, USUN at New York, Moscow, and Warsaw.

[2] Not printed, but see footnote 5, Document 329.

Chinese to verify genuineness. French Embassy has instructions from Paris to interview crew members and will be allowed do so in day or two.

Minister noted Chinese Government had not yet formally acceded to request for asylum in case of Soviet crew members and would prefer not do so until United States position clear re willingness permit entry US. [3] Uncertainty on this point he said was having bad effect on morale of defectors particularly since apparent reversal US position re admission *Praca* and *Gottwald* defectors who now giving trouble.

I urged US actions not be used as basis for delay in reaching decisions re *Tuapse* and crew, particularly since we were not party to dispute.

Shen anticipated early resolution in case of *Tuapse* crew, but could say nothing more about disposal of ship. (See third [*fourth*] paragraph my September 13 letter to McConaughy.) [4]

RANKIN

[3] Attorney General Brownell announced on Oct. 22 that the United States would admit 22 Polish seamen from the crews of the *Praca* and *President Gottwald*.

[4] Document 294. The paragraph citation was corrected by hand on the source text.

No. 347

611.93/10–1654

Memorandum by the Assistant Secretary of State for International Organization Affairs (Key) to the Secretary of State [1]

TOP SECRET [WASHINGTON,] October 16, 1954.

Subject: New Soviet Item Concerning Formosa

The Soviet delegation yesterday afternoon requested the inclusion of a new item on the General Assembly agenda entitled "Acts of aggression against the Peoples Republic of China and responsibility of the United States Navy for those acts". (Tab A) [2]

In a meeting this morning with Messrs. Hoover, Robertson, Phleger, MacArthur, Bowie, Wainhouse, McConaughy, Bond and myself the bearing of the new Soviet item to the New Zealand initiative regarding Quemoy was discussed.

The sense of the meeting was that we should proceed with the New Zealand initiative. We do not at this moment know the views

[1] A notation on the source text indicates that it was seen by Secretary Dulles.

[2] The attachments are not filed with the source text. For text of the Soviet request of Oct. 15, see UN document A/2756.

of the United Kingdom and New Zealand Governments on this latest Soviet move although we have discussed this problem in general terms with their representatives here this morning. [3]

The parallel between the new Soviet item and that which the Chinese Communists submitted in the Security Council in August of 1950 (Tab B, pages 27 to 36) [4] regarding Formosa and the item of the Soviet Union in the General Assembly in 1950 (Tab C, pages 73 to 75) [5] is striking. You will recall that these moves by the Chinese Communists and the Soviet Union were a prelude to the Chinese Communists' military intervention in North Korea. The question arises whether this latest Soviet move in the General Assembly, coming once again on the heels of the Chou En-lai letter of October 11 (Tab D, pages AAA 1 through AAA 7) [6] does not presage a military move by the Chinese Communists on Quemoy or other islands held by the Chinese Nationalists. It was the sense of the meeting that this striking parallel gives a new relevance to the New Zealand initiative and underscores the urgency of moving ahead.

We discussed what our position should be in the General Committee which will probably meet on Tuesday on the question of inscription. [7] The consensus was that we should not object to the inscription, and perhaps even vote to inscribe.

Ambassador Lodge yesterday told the press that the Soviet complaint was a plain lie. The consensus of the meeting this morning was not to concur in Ambassador Lodge's desire to issue a further statement at this time. This I communicated to Ambassador Lodge.

The United Kingdom and New Zealand representatives here are still without instructions regarding their Governments' attitudes toward our intention to go forward with a Mutual Defense Treaty

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[3] The discussion was recorded in a memorandum of conversation by Bond, dated Oct. 16. (793.00/10–1654)

[4] A letter of Aug. 24, 1950, from Chou En-lai to the President of the UN Security Council charged the United States with armed invasion of Chinese territory; for text, see UN document S/1715. For documentation pertaining to the Chou letter and to subsequent discussion in the Security Council of the Chinese complaint, see *Foreign Relations*, 1950, vol. VI, pp. 450–581 *passim*., and *ibid.*, vol. VII, pp. 1235 ff.

[5] On Sept. 20, 1950, the Soviet Union proposed the discussion of U.S. "aggression" against China by the General Assembly; for text of the Soviet letter and an explanatory memorandum of Sept. 21, 1950, see UN documents A/1375 and A/1382. For documentation pertaining to the Soviet complaint and to subsequent discussion of it in the General Assembly, see *Foreign Relations*, 1950, vol. VI, pp. 515–581 *passim*, and *ibid*., 1951, vol. VII, Part 2, pp. 1554–1569 *passim*.

[6] The text of Chou En-lai's cable of Oct. 10, to the UN Secretary-General, charging the United States with "armed aggression against China's territory of Taiwan," is printed in a supplement to *People's China*, Nov. 1, 1954.

[7] On Tuesday, Oct. 19, at the suggestion of the United Kingdom, the General Committee decided to postpone consideration of inscription of the item for 2 weeks in order to avoid increasing tension during disarmament discussions then going on in the General Assembly. It was placed on the agenda 2 weeks later without U.S. opposition.

with Nationalist China, and the implications of that intention in terms of the New Zealand initiative.

Mr. Robertson, at our meeting this morning with the representatives of the United Kingdom and New Zealand, gave them a summary of his conversation with President Chiang Kai-shek.

No. 348

793.00/10-1754: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

TOP SECRET NIACT TAIPEI, October 17, 1954—7 p.m.

277. Eyes only for Assistant Secretary Robertson. Department's 244. [1] Secretary's October 14 message to President (Deptel 237) arrived Friday afternoon and was in Chiang's hands with Chinese translation 9:30 same evening. Thinking he would wish to study it, word was left that I would call on him anytime during weekend he desired. I have no word and must assume President felt there was nothing he need add to what was said during 7 hours conversation with Robertson October 13. It may be noted Secretary's message did not ask for reply.

Department's 243 [2] and 244 arrived this (Sunday) morning. I could find only Finance [*Vice*?] Minister Shih who was familiar with matter. He has relayed queries to President re his views in light of new Soviet action and again whether I should call on him. This afternoon I learned no reply could be expected before tomorrow.

In response Department's request for analysis of Soviet maneuver I venture following as probable motivation:

1. *To embarrass US in relations with Western allies.* Soviets may believe that in *Tuapse* tanker case and in guerilla activities from off-shore islands, as well as in seizure of Polish ships, they have sufficient substance to lend credence to charge of US aggression (they will exploit Western fears of war over Free China by holding up US as warmongers).

2. *To embarrass US relations with anti-Communist Asian countries including Nationalist China.* Soviets are making it clear to all that they stand four-square behind Peiping regime. In addition to defense pact of long standing they have now officially espoused

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[1] Telegram 244 to Taipei, Oct. 16, requested Rankin's analysis of the Soviet proposal for a UN agenda item and his assessment of the Chinese Government's reaction to it. (793.00/10-1654)

[2] Telegram 243 to Taipei, Oct. 16, informed the Embassy of the Soviet proposal. (330.13/10-1554)

"liberation" of Formosa and issued recent joint statement indicating full solidarity and positive program for future. Soviets will see that Asian countries contrast above policies with those of US which withholds defense pact from Free China and appears doubtful whether to help in defending part of latter's territory, much less any question of liberating mainlands China. They will contrast neutral New Zealand resolution with unequivocal Soviet resolution. (Taipei's 274) [3]

3. *To determine what course of action US actually would take in case of Communist assault on off-shore islands.* Stalin guessed wrong in Korea; Malenkov intends to make sure this time and also to see if islands cannot be won with little or no fighting. When it becomes quite clear US will give no direct support, as Soviets undoubtedly have already guessed, they will expect Free Chinese defense effort to be substantially undermined. Soviets may even hope US will advise Nationalists to abandon some or all off-shore islands without fighting.

I see in present situation no military threat to Formosa in any case and probably no immediate danger to off-shore islands if US-Nationalist position is sufficiently firm. Unless such firmness is made clear to all, however, I fear US support of New Zealand resolution without significant offsetting action will be interpreted as weakness with most serious results. President Chiang is explicit in regarding it as first step in losing off-shore islands, to be followed in due course by trusteeship for Formosa, entry of Red China into UNO and finally turning over of Formosa to Communists.

In my telegram 244, October 5, I proposed two steps calculated to strengthen position of Free China both internally and externally in present situation. I also advanced proposal re timing. If one of above two steps must be postponed until some time after introduction of New Zealand resolution, then it seems even more important that second be taken at once and certain aspects of it made public.

Meanwhile without involving US in open war, I am confident our navy knows how to support defense off-shore islands effectively against anything short of all-out Communist effort, which I do not believe Moscow or Peiping contemplates at present time. Moreover enough of US intentions in this regard could be made public to have most salutary effect on economy.

RANKIN

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[3] Telegram 274 from Taipei, Oct. 15, stated that two additional features of the New Zealand draft resolution which would probably be objectionable to the Chinese Government were its use of the name "People's Republic of China" and its treatment of the two parties on a basis of equality although one was a UN member and one had been "branded" as an aggressor and was in this case the aggressor. (793.00/10–1554)

No. 349

793.00/10-1854: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

TOP SECRET PRIORITY TAIPEI, October 18, 1954—5 p.m.

281. Eyes only Assistant Secretary Robertson. Deptel 244 [1] and Taipei's 277. [2] President Chiang returned to Taipei this morning to attend military ceremony after being in country over Sunday. Acting Foreign Minister expects see him this afternoon or evening re Soviet resolution on US "aggression" and its impact on prospective New Zealand resolution.

Meanwhile Acting Foreign Minister Shen, Vice Minister Shih and Treaty Department Director Hsueh met last night and prepared memo for President's consideration. Shen summarized it for me orally at noon today.

Memo covers much same ground as mytel 277 but is longer. It adds fourth Soviet motivation: To embarrass US Administration immediately before November elections. Memo goes on to note Soviet agreement to give up Port Arthur intended to contrast with "aggressive" US policy but observes Port Arthur has lost much of its former military significance and actually would remain at disposal of Soviets if they wished. Memo also mentions Khrushchev's remarks re liberation of Formosa and joint announcement on new railway construction in Central Asia—obviously for military purposes—as further evidence of Commies war-like intentions.

Shen made final remark in form of query: What would be effect of mildly worded resolution introduced by small country (New Zealand) and directed at two Chinas compared to strongly phrased condemnation of one of two major powers (US) already proposed by other (Soviet Union)?

RANKIN

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[1] See footnote 1, *supra*.
[2] *Supra*.

No. 350

Eisenhower Library, Dulles papers, "Meetings with the President"

Memorandum of Conversation, by the Secretary of State

[Extract]

TOP SECRET [WASHINGTON,] October 18, 1954.

MEMORANDUM OF CONFERENCE WITH THE PRESIDENT, THE WHITE HOUSE, 8:00 TO 9:00 A.M.

. . . . . .

2. I discussed the matter of a security treaty with Nationalist China to cover Formosa and the Pescadores coupled with UN action to deal with the offshore islands under National control such as Quemoy. The President agreed that we should follow this procedure. He said that as far as he was concerned, the United States would never tolerate Formosa and the Pescadores going into unfriendly hands. He also reaffirmed the point I had mentioned, namely, that Formosa and the Pescadores had a distinctive juridical status under the Japanese Peace Treaty. They were not technically under Chinese sovereignty since Japan had made no cession in favor of China. The President agreed, however, that once we made a security treaty with Nationalist China covering Formosa and the Pescadores, it would be necessary for them to refrain from offensive operations from their "privileged sanctuary".

I expressed the view that we ought to explore this situation as rapidly as possible with Senate leaders. I stated that we had already done so with Senator Knowland, who was in accord. I felt we should also cover Senator Wiley [1] and Senator Smith, the latter of whom I knew favored such a treaty. On the Democratic side, there was Johnson, [2] George, [3] Sparkman [4] and Mansfield. The President agreed that we should try to have contact with them as rapidly as possible.

I said that I doubted that the UK would proceed in the Security Council before I had had a talk with Eden in Paris, [5] and I felt that

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[1] Senator Alexander Wiley (R–Wisconsin), Chairman of the Senate Foreign Relations Committee.

[2] Senator Lyndon B. Johnson (D–Texas), Senate Minority Leader.

[3] Senator Walter F. George (D–Georgia), ranking minority member of the Senate Foreign Relations Committee.

[4] Senator John J. Sparkman (D–Alabama).

[5] Dulles attended the Nine-Power, Four-Power, and North Atlantic Council Ministerial meetings in Paris, Oct. 20–23; for documentation pertaining to the meetings, see vol. v, Part 2, pp. 1404 ff.

it would be important for me to tell Eden the line upon which we were thinking. The President concurred.

. . . . . .

JFD

No. 351

793.00/10-1854

Memorandum of Conversation, by the Assistant Secretary of State for International Organization Affairs (Key) [1]

TOP SECRET [WASHINGTON,] October 18, 1954.

Subject: China Item: Consultations with the United Kingdom and New Zealand

Participants: The Secretary
The Under Secretary
Mr. Douglas MacArthur, II, Counselor
Mr. Walter Robertson, Assistant Secretary
Mr. David McK. Key, Assistant Secretary
Sir Roger Makins, British Ambassador
Sir Robert Scott, British Minister
Ambassador Leslie K. Munro of New Zealand
Mr. Hunter Wade, First Secretary of New Zealand Embassy

The meeting opened with the New Zealand Ambassador asking the Secretary to outline with special reference to its scope, defensive character, etc. the type of security treaty with Nationalist China which he had in mind.

The Secretary stated in reply that it had been decided, subject to the outcome of Congressional consultations, to go ahead with a mutual security treaty covering Formosa and the Pescadores along the lines of the defense treaties negotiated with Korea and ANZUS. This decision had been reached because it was in the U.S. national interest to clarify the status of these islands. They formed a vital part of the chain of islands which were essential to our defense. The decision was not in the nature of a bribe to Nationalist China to induce the latter to go along with the New Zealand proposal.

The Secretary pointed out that our status with respect to Formosa and the Pescadores is not altogether clear. Orders had been issued to the 7th Fleet but these orders had their origin during the

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[1] Both Key and MacArthur are indicated as drafters on the source text; presumably the document was drafted by Key and revised by MacArthur.

Korean war and were designed to protect and preserve the UN flank off Korea. At that time the orders were "two-sided", i.e., the fleet was to repel any Communist attacks on Formosa but likewise to prevent the launching of any attacks from Formosa against the Communists. However, this latter feature had been suspended by President Eisenhower because of the Korean war and the importance of maintaining a diversionary threat.

With the cessation of hostilities in Korea and Indochina, the motive for the Presidential order had changed and there was some question as to the present basis of the order. The Secretary went on to say that the basic idea of a mutual defense treaty with Nationalist China had been embryonic for some time past. In fact, he had mentioned this as a possibility to Mr. Eden at the time of Mr. Churchill's visit here. [2]

Our proceeding with the treaty would depend on the Senate leaders. If we proceed, it would be with the understanding that if Formosa and the Pescadores are defensively protected on the one hand and if the "offshore" islands are covered by the New Zealand resolution on the other, then this combined situation would be regarded by us as possibly creating the basis for a general pacification of the area. It would not be our idea in such event to create a "privileged sanctuary." Formosa could not be used as a base for offensive operations against Communist China. Of course, if the Communist regime collapsed and there were serious internal uprisings on the mainland, we could not expect Chiang Kai-shek to renounce his hopes of reinstating himself in China.

Reverting to the proposed New Zealand resolution, the Secretary stated that we would want to push ahead with this proposal whenever it is opportune. However, present intelligence reports gave no evidence of any large-scale concentrations such as would presage an assult on Quemoy.

Ambassador Munro observed that this raised certain questions. For example, when would we envisage that the New Zealand proceedings would be launched? What sort of a statement would you make at that time? Also, he understood that the proposed mutual defense security treaty with the Chinese Nationalists would cover Formosa and the Pescadores, but wished to know whether, if the New Zealand draft resolution were not put forward, the treaty would include Quemoy and the other off-shore islands.

Secretary Dulles said he had really wanted to avoid this question. However, there was one point he wished to make entirely

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[2] For documentation concerning the Churchill–Eden visit to Washington, June 25–29, 1954, see volume VI. There is no indication of any discussion of this subject in Department of State records of the meetings.

clear. The U.S. is not going to let Formosa and the Pescadores fall into hostile hands. He had discussed this matter again with the President this morning, and the President is entirely clear on this. Also, when he was in London and lunched with Prime Minister Churchill, [3] the Secretary said he had drawn a rough map on a piece of paper for Churchill showing that in our so-called off-shore island defense system stretching from the Aleutians down through Japan, Korea, to the Phillipines and Australia and New Zealand, Formosa and the Pescadores was the one link not covered by a formal security arrangement. Sir Winston expressed great interest and asked the Secretary for the piece of paper, which he put in his pocket. Our difficulty in concluding a defensive security treaty with Formosa relates to the problem of Quemoy and the other off-shore islands. As long as the Communists are attacking these islands we do not feel we can impose on Chiang Kai-shek a prohibition against defending them. The Secretary said when he was in Formosa following the Manila Conference he had had a long talk with Chiang Kai-shek regarding a security treaty. Chiang had urged very strongly that we conclude such a treaty, and the Secretary had pointed out the dilemma in terms of the so-called off-shore islands. Upon his return there was a meeting of the National Security Council in Denver, which considered this matter, and the idea had occurred of having the UN throw a protective mantle around Quemoy and the other off-shore islands. Since then, the Secretary said, we had given the whole question considerable thought, and our thinking has been clarified so that in a sense the proposed New Zealand resolution dovetails into our views on the desirability of a defensive security treaty with Formosa.

Regarding the time-table, Ambassador Munro said he had a question. If, for example, the President of the Security Council were notified about this matter on Wednesday, and SC discussions began on the following Monday, Munro said he personally had the very strong feeling that we should not simply unveil the New Zealand resolution covering the status of Quemoy and the off-shore islands without also letting other people in on the defensive security treaty question. In other words, he personally did not feel we should go forward with the New Zealand resolution and then suddenly spring the security treaty on others later. It would open us to charges of bad faith.

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[3] Presumably when Dulles was in London for the Nine-Power Conference, Sept. 28–Oct. 3. A Sept. 30 memorandum of conversation by Dulles refers to a luncheon and two other conversations with Churchill but does not mention any discussion of China; for text, see vol. v, Part 2, p. 1368.

On the question of timing, Secretary Dulles said that when he had talked to Mr. Eden about this in September they were both apprehensive that an attack might be imminent. Our intelligence had indicated a build-up. Our present intelligence does not indicate that an attack is imminent in the next two or three weeks. Therefore, we would feel it entirely safe for the U.S. to proceed in completing its studies and consultations with Congressional leaders and then proceed with action on the New Zealand resolution and the defensive security treaty. It was also the Secretary's understanding that the New Zealand Government wished quick action on its proposed resolution because it feared there might be a leak which could cause embarrassment in connection with the New Zealand elections.

Ambassador Munro said that in reaching its decision New Zealand would, of course, be very much concerned with the position the UK takes. However, from the point of view of public opinion in New Zealand and elsewhere, he thought it would be vitally important that either the President of the United States or the Secretary of State make very clear the defensive nature of the proposed security treaty at the time it is made public.

Secretary Dulles referred again to his conversation with Chiang Kai-shek in September, during the course of which the latter had said he knew we were apprehensive that conclusion of a security treaty with Formosa might result in the U.S. being dragged into hostilities. Chiang Kai-shek had then assured Secretary Dulles that he would abide by any agreement which the U.S. might wish, to ensure that it would not become involved in hostilities initiated by the Chinese Nationalists. Chiang had also stated categorically that the military equipment supplied by the U.S. would not be used for operations against the mainland without the agreement of the U.S. The Secretary said the situation we had with respect to negotiating a defensive security treaty with Formosa was very similar to that we had had when we were negotiating a defensive security agreement with Syngman Rhee in Korea. However, the Korean situation was perhaps even more difficult because Rhee and his forces were located on the mainland where they could commence hostilities unilaterally.

Ambassador Makins said the UK was principally concerned over the effect the proposed defensive security treaty might have on the UN exercise on Quemoy and the off-shore islands. The British had not yet been able to sort out in their own minds all the elements in the problem. This delay had probably been in part caused by the fact that the British Government had recently been very much occupied with the Cabinet changes. However, Mr. Eden had sent word that he would hope very much to be able to talk to Secretary

Dulles about this matter while in Paris. The Secretary said he also had been reflecting and hoped to talk with Mr. Eden about this in Paris. There was some discussion as to when such consultation in Paris might take place. In view of his very full schedule Wednesday [4] afternoon, with a dinner Wednesday night, the Secretary suggested that he and Mr. Eden might breakfast together Thursday morning, but it was left that the exact time would be worked out in Paris.

Ambassador Munro requested that the British Foreign Office keep the New Zealand High Commissioner in London fully informed on all developments, particularly those relating to timing.

Ambassador Makins went on to say that one of Mr. Eden's difficulties about the treaty was that if no announcement about it were made until some time later, he would be open to criticism for a lack of frankness.

Reverting to Formosa the Secretary stated that the U.S. has an inchoate but legitimate interest in Formosa, title to which was renounced by Japan but was not transferred to China. From an international standpoint it would seem therefore that we are in a better position to defend Formosa than would be the case if Formosa were a part of China. The Secretary mentioned that the case of the Kuriles was not dissimilar: title had been renounced by Japan but it had not passed to the U.S.S.R.

[4] Oct. 20.

No. 352

793.5/10-1854: Telegram

The Secretary of State to the Embassy in the Republic of China

TOP SECRET WASHINGTON, October 18, 1954—8:33 p.m.

247. Eyes only Rankin. President this morning approved immediate negotiation Defense Pact with Chinese Government provided assent in principle obtained first from certain key members Senate Foreign Relations Committee, both Republicans and Democrats. Consultations with Senators now going forward on priority basis. Chinese Minister informed this effect in utmost confidence today. [1]

Foreign Minister Yeh scheduled arrive Washington 20th.

DULLES

[1] A memorandum by McConaughy of the conversation between Chinese Minister Shao-Hwa Tan and Robertson, Oct. 18, is in file 793.5/10-1854.

No. 353

FE files, lot 55 D 480, "Communist China"

Memorandum by the Special Assistant for Intelligence (Armstrong) to the Secretary of State [1]

SECRET [WASHINGTON,] October 18, 1954.

Subject: Intelligence Note: The New Sino-Soviet Agreements

The most striking feature of the Sino-Soviet communiqué of October 11 [*12*,] 1954 [2] is its apparent intent to portray Communist China as an equal partner of the USSR and to emphasize the agreement of the two powers on Communist policy in the Far East, particularly with respect to Japan. It is also notable for its attempt to exaggerate what is in effect a niggardly Soviet program of economic aid to the Chinese Communist regime.

Comparison of the present agreement with the Sino-Soviet Treaty of 1950 reflects the elevation of Communist China's status in the Communist orbit. This agreement was negotiated in Peiping rather than Moscow and it provides for the liquidation of the last formal Soviet rights in China (the Soviet military base in Port Arthur and the Sino-Soviet Joint Companies). The 1950 agreement provided for Soviet technical assistance to Communist China; the present agreement provides for a mutual interchange of technical data and specialists, thus crediting Communist China with far more technical competence than it possesses. Finally, the emphasis given to "unity of views," "cooperative support of peace," and "consultation" on questions of common interest, particularly in matters of foreign relations is far greater than in the documents of 1950, and suggests that lack of sufficient consultation was a problem in past Sino-Soviet relations.

The $130 million credit granted by the USSR to China is probably a five-year loan. Thus the annual proceeds ($26 million) will not even be enough to amortize the 1950 credit of $300 million, payment on which is to begin in 1955 ($30 million annually plus interest). Soviet equipment for the construction of plants in China is treated as additional assistance, but in fact will probably be paid for by Chinese Communist exports. However, the agreement provides for the construction of two new rail lines that will shorten the rail distance from the USSR to Communist China and relieve the present Manchurian rail bottleneck.

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[1] The source text is the copy of this memorandum which was sent to the Bureau of Far Eastern Affairs.

[2] See footnote 9, Document 337.

The communiqué only mildly endorses the present Chinese Communist campaign regarding Taiwan and calls for a new international conference on Korea. The separate section on Japan is noteworthy because it reinforces recent Soviet statements implying a willingness to deal with even a conservative Japanese Government. Although the declaration characteristically specifies that Japan must take the initiative, it is less specific than previous statements as to the degree of independence Japan must achieve from the US in order to restore diplomatic relations with the Communist bloc. The promised withdrawal of Soviet military forces from Port Arthur by May 1955 may also be viewed as a possible overture to Japan, since the Communists have previously stated that Soviet troops would remain in Port Arthur until a peace treaty was concluded with Japan.

A similar memorandum has been sent to the Under Secretary.

No. 354

793.00/10-1954

The United States Representative at the United Nations (Lodge) to the Under Secretary of State (Hoover)

TOP SECRET NEW YORK, October, 19, 1954.

DEAR MR. SECRETARY: Herewith a written report, the essence of which I gave to David Key over the telephone yesterday: [1]

T.F. Tsiang called at my office today at his request. Tsiang said that the resolution which the Soviets are filing with their agenda item [2] could develop in such a way as to call on the parties involved (Chinese Nationalists and Chinese Communists) to cease military activity against each other. Passage of such language would be the equivalent of recognition of the Chinese Communists. Tsiang stated that anything in the U.N. which calls for any ending of the fighting in or around Formosa is excessively dangerous and that the U.S. can control that issue because of our own close relations and military support and that it should not be brought to the U.N.

I gave Dr. Tsiang no information and I said I knew nothing about it. Dr. Tsiang replied that apparently he (Dr. Tsiang) knew more about what the U.S. Government was doing than did I. "It is

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[1] The conversation was recorded in an Oct. 18 memorandum of conversation by Key. (793.00/10-854)

[2] Tsiang's reference is apparently to the agenda item submitted by the Soviet Union on Oct. 15; see footnote 2, Document 347.

clear that you are not informed by your government", Tsiang said. I said I expected a message today or tomorrow.

Dr. Tsiang further said that what is in the making is an arrangement similar to the 38th Parallel in Korea and similar to the Indochina settlement—to put a line between Formosa and the mainland—and that if this is done it will be the "beginning of the end" as far as the Chinese Nationalists are concerned.

Dr. Tsiang said that if this happened the Nationalists would be "sold down the river"; that the British were behind the whole thing and were egging the Russians on..

He said there was great U.S. pressure on the Nationalists and they had yielded to it; that even though their military action against Quemoy was in retaliation to Communist aggression, they had ceased it in order to cooperate with the U.S. and the campaign statements being made about the whole world being at peace.

Dr. Tsiang stated that they now face a Soviet resolution which, after British amendments, will destroy the Nationalist *right* to get to the Chinese mainland, and which will in effect recognize the Chinese Communists. He said the Chinese people must want the Nationalists back for their return even to be a possibility and that Nationalist return will be a political rather than a military event.

He said that Secretary Dulles knew that Yeh and Tsiang disagreed with Dulles and that Dulles waited until Yeh was out of the country and then sent Secretary Robertson to Formosa.

As I told David Key, I recommend that unless Tsiang is willing to go along, the whole matter be put off until after election because of Tsiang's influence with the so-called "China Lobby", which could have such a disastrous effect on the election. The Generalissimo should straighten Tsiang out before we go any further.

From the beginning of this contemplation I have urged that it not be undertaken before election unless Tsiang would be willing to go along. His conversation yesterday confirms my fears. I have never seen him in such an excited condition.

Very sincerely yours,

H.C. LODGE, JR.

No. 355

740.5/10-1954: Telegram

The Acting Secretary of State to the Embassy in France [1]

TOP SECRET
PRIORITY

WASHINGTON, October 19, 1954—8:56 p.m.

Tedul 1. Eyes only for Secretary to be delivered immediately upon arrival [2] from Robertson. Had highly gratifying conversation with Senator George. He will support you and agrees that in view all circumstances negotiation treaty desirable move. In absence discussions with other Democratic members committee said he of course could not speak for them but in his opinion all would go along.

[Here follows discussion pertaining to prospective Senate ratification of the Manila Pact.]

HOOVER

[1] Drafted by Robertson.
[2] Dulles was in Paris Oct. 20–23; see footnote 5, Document 350.

No. 356

794A.5 MSP/11-254

Extracts of Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy) [1]

TOP SECRET

[WASHINGTON,] October 20, 1954—9 p.m.

Mr. Robertson set forth in full the case for introduction into the UN of a cease fire resolution as to the off-shore islands as tentatively proposed by New Zealand. Mr. Robertson said the U.S. would flatly and resolutely oppose any attempt to submit "the Formosa question" to the UN in connection with the New Zealand resolution. New Zealand fully agreed with the U.S. that it would be necessary to oppose any substantial amendment of this resolution or

[1] The source text, drafted by McConaughy on Nov. 2, is headed as follows:

"Extracts of Memorandum of Conversation at Twin Oaks [the Chinese Embassy in Washington,] October 20, 1954 at 9 p.m. with the following present: Chinese Foreign Minister George Yeh; Chinese Ambassador Wellington Koo; Ambassador T.F. Tsiang, Permanent Representative of China to the UN; Chinese Minister Tan; Assistant Secretary Robertson; Chairman of Joint Chiefs of Staff, Admiral Radford; Mr. Wainhouse, Deputy Director of IO; and Mr. McConaughy, Director for Chinese Affairs; on the subject of the 'Proposed New Zealand Resolution' ".

A detailed memorandum of conversation by McConaughy, dated Oct. 20, from which these extracts were taken, is filed in 793.5/10-2054.

any connection of it with other questions. The situation created by the hostilities in and around the off-shore islands was the sole question. The Secretary of State wanted to strengthen, not weaken, the Republic of China.

The Secretary is hopeful that he will be able to announce very soon the opening of negotiations for a Mutual Defense Pact. However, it is necessary to be certain of bi-partisan Senatorial support for such a pact. The Department is now engaged in consultations with key Senators of both parties to ensure that such a treaty would receive the necessary ratification. Mr. Robertson said that it was important for the two Governments to have a full exchange of views and to concert their efforts so as to turn the existing situation to the advantage and not the disadvantage of the two countries. Mr. Robertson reiterated that the proposed resolution did not signify any change in the attitude of the U.S. Government toward the Chinese Communist regime. He said the U.S. Government does not and will not recognize the Communist regime in Peiping as the Government of China.

Foreign Minister Yeh pointed out that under the proposed New Zealand Resolution, as he understood it from the paraphase which had been read to him, the UN would "remain seized" of the off-shore islands question. This could amount to more than a call for a truce. He pointed out that the Chinese Government had already given assurances to the U.S. authorities that the Chinese Government would not mount any invasion of the Mainland without U.S. assent. He said that the Chinese do not like to see any Communist build-up on the other side of the water from Quemoy. A dangerous build-up could continue notwithstanding a cease-fire. The problem as he saw it was how to prevent the Communist side from getting stronger during the interim.

Mr. Robertson predicted that the Communists probably would contemptuously reject the resolution, in which case there would be no loss, but a net gain, for the Chinese Nationalists. He said if the Communist side does accept, the off-shore islands would remain in Chinese Nationalist hands, which was the essential immediate objective. The UN interest in the matter would serve to protect Chinese Nationalist retention of the islands. Then a Mutual Defense Pact would help to protect Formosa and the Pescadores, without excluding the possibility of agreed action against the Mainland if such action should ever become necessary. He emphasized that the treaty would have to be defensive in nature, as were all U.S. security pacts. We now have a sort of stop gap protective arrangement, in the Executive Order to the 7th Fleet, which was occasioned by the Korean War. There was some doubt as to the legality of extending the Presidential Directive to cover the off-shore islands.

Mr. Robertson pointed out that a treaty would have a more permanent character than an Executive Order such as the one issued to the 7th Fleet. Conclusion of a treaty would serve notice to the world that Formosa could not be invaded without challenging the U.S. It would tend to take the whole subject of Formosa out of the sphere of UN debate, since the intentions of the U.S. as to Formosa would no longer be in doubt. It would still be possible for the two Governments, by mutual agreement between themselves, to consider measures to take advantage of any situation adverse to the Communists which might develop on the Mainland.

Ambassador Tsiang said that Mr. Robertson assumed the resolution would be rejected. It is necessary to consider the consequences of both acceptance and rejection by the Communists. If the resolution is accepted it would be tantamount to a truce. The assumption is that in such event the *status quo* would be maintained. This would tend to condition the UN to a two-China concept.

Mr. Robertson said that possibly the situation would be so viewed by some. He said that some people already think in terms of two Chinas. Some think in terms of only one China, and that China to them is Red China. Even many Western Governments argue that realities must be recognized now, by which they mean the fact of Communist control of the Mainland. The implications of this attitude we do not like, but we must acknowledge that the attitude exists and is strongly held. U.S. opposition has been a real factor in keeping Communist China out of the UN and diplomatically isolated up to a point.

Ambassador Tsiang said the chances of Communist China gaining admission to the UN would be better after tabling of the resolution than now, with the two-China concept gaining ground. Mr. Robertson said that the question of two-Chinas may be brought up by some delegations—but it would not grow directly out of the New Zealand resolution.

Ambassador Tsiang said that if the non-Communist side willingly accept the *status quo* in the China area, Communist China would gain status thereby. Communist China would be given assurance that she would not be exposed to attack. This would give Communist China a great advantage. This would amount to calling on the Chinese Government to forswear its right to recover the Mainland. He did not attach paramount military value to the off-shore islands. The destiny of China did not depend on the islands as territory. But they were a symbol. If positive action looking toward the Mainland were delayed indefinitely, the prospects for Free China were very dim. The whole life of Chinese of his generation was based on the hope of returning to the Mainland in their lifetime.

He said that free Chinese must not be robbed of their dreams. Their dreams made it possible for them to carry on.

Mr. Robertson said the Free Chinese were not being asked to give up their dreams. Formosa signifies infinitely more to the free world than the small island which it appears to be on a map. It is a place where dreams can originate. It is a symbol of the Free China which one day may assume its rightful place. But what prospects are there in the immediate future for a successful counter attack? What are the potentialities? No diplomatic support could be expected from Great Britain or the Scandinavian countries. Even France is now somewhat doubtful. The U.S. is the only Great Power giving full support to Free China. The U.S. is not asking the representatives of Free China to abandon their dreams—or even to support the resolution. It would seem to be to the advantage of the Chinese to reserve their position until they could consider the attitude assumed by the Soviet bloc.

Ambassador Tsiang said he recognized the validity of the observations made by Mr. Robertson. He said although his people might indulge in dreams, they were not fools. But the Government could not afford to tell the Chinese people on Formosa, overseas, or on the Mainland that they could not expect to win back the Mainland. The vision of a return to the Mainland "has a power beyond that of fleets and armies".

Foreign Minister Yeh thought if the resolution was supported by the U.S., regardless of the Communist attitude the impression would be created that the U.S. is ready to draw another truce line—another 38th parallel. To the people on Formosa and the 13,000,000 overseas Chinese it would signify that the U.S. is prepared to recognize and assist a truce line, to give a sanctuary to the Communist build-up on the Mainland. Mr. Robertson said there was no way of preventing a Communist build-up now. So there would be no change in that situation.

Foreign Minister Yeh said that the build-up opposite the off-shore islands was now retarded by air bombardment and artillery fire. That had more restraining effect than a Security Council recommendation. If the resolution were accepted, the Soviet Union and Communist China would take advantage of the truce line. U.S. support for Free China would not be made more effective. Mr. Robertson asked if the Chinese Communists were likely to change the propaganda line which they had peddled to Attlee and other British Laborites—that all the off-shore islands and Formosa belonged to and must be returned to the Chinese Communists? Would they supinely accept a resolution which would confirm Chinese Nationalist retention of the islands?

Foreign Minister Yeh said that if the resolution were rejected there would be no international protection for the off-shore islands. And the psychological effect of the resolution having been introduced would be adverse to Free China and against the interests of the free world. Mr. Robertson asked how the situation after rejection would be any different from now? If the resolution is accepted, it gives Nationalist China undisputed protection of the islands. If rejected and Communist attacks against the islands are resumed, the hopes of Nationalist China for winning more international support are greatly strengthened.

Mr. Wainhouse said he did not read the resolution as freezing the Chinese Nationalists while permitting the Chinese Communists to build-up. Neither side was inhibited from taking preparatory action. The resolution would merely call for a cessation of hostilities. Neither side would be disadvantaged as to a build-up.

Foreign Minister Yeh said he was concerned by the reference to "peaceful means" in the resolution. Would this not signify that a truce or cease-fire would tend to lead to a general armistice? Mr. Wainhouse said that this would depend on developments. No one could say anything further now. The stoppage of firing was as far as the terms of the resolution went.

Foreign Minister Yeh pointed out that the UN resolution on Korea [2] had condemned the Communists as the aggressors. The New Zealand resolution would not give Free China the UN protection accorded Korea. Mr. Robertson remarked that an aggression resolution as to the off-shore islands would not in his opinion be supported in the UN.

Foreign Minister Yeh said that the resolution would leave his Government in a far worse position. In addition to the psychological problem, there would be the question of how to protect the off-shore islands if the Communists rejected the New Zealand proposal. The New Zealand initiative would leave a bad psychological effect on the Chinese people and on neutralist nations. It would accord no protection whatever. In Korea there is a commitment to take up arms against the Communists in case of violation. Mr. Wainhouse pointed out that under the situation now existing there is no protection. If the present situation should contineu, "where do we head in"?

Ambassador Koo said the resolution says nothing about who started the fighting. The Chinese Government position as a victim of aggression would not be reflected in the New Zealand resolution. The New Zealand wording would carry disadvantageous political

[2] Reference is to UN Resolution 498(V), Feb. 1, 1951; for text, see *Foreign Relations*, 1951, vol. VII, Part 1, p. 150.

implications for the Chinese Government. Ambassador Koo said the resolution should state clearly that the hostilities were started by the Peiping regime, and that that regime should stop the hostilities. The resolution should recognize that the Chinese Government merely took retaliatory action. He thought his Government could agree that if the Communists refrain from attacking the off-shore islands, it will not take retaliatory action against the Chinese Communists now. But the Chinese Government must not give up its hope or its legal right to liberate the Mainland eventually, in accordance with the wishes of the Chinese people.

Foreign Minister Yeh referred to the phrase "by peaceful means" in the New Zealand resolution. He thought the resolution put both parties on the same footing as co-belligerents. He feared that a definite truce line was clearly envisaged. He thought the resolution should place the responsibility for the situation squarely on Communist China.

Mr. Robertson pointed out that the situation in the off-shore islands were [*was*] not analogous to that in Korea. The UN itself went to war with the Communists in Korea. The UN was not involved in the war between the Chinese Nationalists and the Chinese Communists. Many nations were sympathetic to the claim of the islands to be attached to the Mainland and as rightfully belonging to the Government recognized as controlling the Mainland. Great Britain would not accept the resolution if it involved acceptance of the Nationalist Government as the legitimate government of all China. The resolution does not have anything to do with the return of the Chinese Nationalist Government to the Mainland. Such an ambition is neither encouraged or discouraged by the resolution. The subject is not mentioned in the resolution.

Ambassador Tsiang said that it would be difficult to argue that any sort of attack on the Mainland did not have some relationship to the off-shore islands. The Nationalists would be bound not to attack the Mainland. Ambassador Koo remarked that if the resolution were passed, the Communists would complain that any Nationalist action against them violated the resolution. He feared that the resolution in effect would bind only the Nationalists. Ambassador Tsiang felt the resolution was aimed to stop all present and prospective hostilities between Nationalist China and Communist China. Mr. Robertson reiterated that the resolution was aimed only at the off-shore islands.

Ambassador Tsiang said that if the resolution could ensure that all hostilities against the islands would stop, and nothing more was implied, he would be for it. Mr. Robertson said that to him the resolution implied no more than that. If it contained all the implications attributed to it by the Chinese representatives, he was not

aware of it. The U.S. would not support the resolution if it were not pinpointed at the off-shore islands. Ambassador Tsiang said he felt this intent was not translated into the language of the resolution.

Mr. Wainhouse said that the language of the resolution was not necessarily final. The Chinese representatives had expressed a number of objections and apprehensions. All were agreed on the necessity of confining the resolution to the one issue. The problem was to find language to do this. He did not know how firm the language of the resolution was in the minds of the New Zealand representatives. He felt it ought to be possible to find language relieving the fears of the Chinese Government and expressing accurately the objective. He hoped that agreement could be reached on language. He felt that an explanation by the American representative in the Security Council when he cast the U.S. vote might serve to clarify the language of the resolution and the intent of the U.S.

Mr. Robertson said he was sympathetic with the psychological problems raised by the Chinese representatives. He thought it would be a good gamble that the Communist bloc could not capitalize on the resolution. If the Communists turned down the proposal, a climate much more helpful to Nationalist China would be established. On the other hand, if the off-shore islands were attacked without any UN interest in them, they might well be lost. This would create a bad psychological situation.

Foreign Minister Yeh said that if the islands were subjected to fullscale attack they would be lost regardless whether New Zealand resolution was submitted. No military assistance could be expected in any event. Mr. Robertson pointed out that the Chinese forces were making use of American military assistance in their defense of the islands. Troops equipped and trained by MAAG on Formosa had rotational duty on the off-shore islands and there was no restriction on the use of U.S. supplied material on the off-shore islands.

Dr. Yeh said that the Soviet Union resolution of October 15 seemed almost identical to the proposed New Zealand resolution except that the Soviet resolution does not call for "peaceful means" of settlement, as does the New Zealand resolution. He felt that the "peaceful means" clause was the "operative" part of the New Zealand resolution.

Dr. Yeh felt that the resolution as perhaps incompletely paraphrased to him was highly unsatisfactory. He advised the U.S. representative to reconsider the matter. Mr. Robertson said that the U.S. was not the one to tell to reconsider the resolution. It was a New Zealand proposal. If the New Zealanders introduced it, we

must devise the best plans for dealing with the situation which will then be created.

Mr. Wainhouse said that the New Zealand Government had stated in the strongest terms that Formosa must be kept out of Communist hands. New Zealand was motivated in this by a high degree of self-interest. Mr. Robertson said that New Zealand looked to the U.S. and not the UK for her security. Foreign Minister Webb's views were questionable, but he was on the way out. There was absolutely no equivocation about Amb. Munro. He would in his opinion not act as a catspaw for the UK.

Foreign Minister Yeh asked if we were having talks with the New Zealand representatives? If so he wondered if we could not recommend to them a modification of the language? Mr. Wainhouse thought we might make the point to the New Zealanders that it was desirable for the resolution to point out who opened the hostilities, so that the two parties would not seem equally guilty of aggressive action. He thought the matter warranted further study.

Mr. Robertson said our UN representative would state our view of the hostilities, suggesting that the UN should call on the Chinese Communists to cease the attacks which they started. Dr. Yeh thought the present resolution did not clearly make this point. Mr. Robertson thought the language might be changed. He did not know just what language would be suitable. In any event the resolution would refer only to the one issue and not mention any large issues.

Dr. Yeh said the New Zealand move called for a settlement by "peaceful methods". It would take away Chinese Government rights as to the Mainland. Mr. Wainhouse said that the resolution does not pre-empt or prejudice Chinese rights in any way. It was better for questions not related to the point at issue not to be mentioned in the resolution.

Ambassador Koo said that the reference to settlement by peaceful methods was not pertinent to the point of issue and might better be omitted. Mr. Wainhouse doubted whether New Zealand would be willing to delete this reference, but he thought the reference to the UN remaining "seized" of the question might be eliminated.

Ambassador Koo asked why it could not be specified that the "peaceful methods" referred only to the off-shore islands. That would mitigate one of the Chinese apprehensions. Mr. Robertson said the entire resolution as now framed applies only to the off-shore islands.

Mr. Robertson asked how much importance the Chinese representatives attached to retention of the off-shore islands? Did they have great importance as a listening station? Would Chinese Com-

munist capture of the islands be a blow to Chinese Nationalists prestige? Ambassador Tsiang said the islands undoubtedly were important and their loss would be a blow to prestige but he thought the adverse effects of the New Zealand resolution on prestige would be worse.

Mr. Robertson asked if in the last analysis, assuming they had no other choice, the Chinese Nationalists would rather lose all the off-shore islands than accept the New Zealand resolution? Dr. Yeh said if these were the only choices, he thought the answer would be yes but the islands were important and he thought there were other alternatives.

Ambassador Tsiang agreed that the loss would represent a severe blow to morale, but the New Zealand resolution would constitute a heavier blow. Mr. Robertson asked if that was the official position of the Chinese Government? Dr. Yeh said if the paraphrased version of the New Zealand resolution, which was all he had been given, was correct and represented the final form of the resolution, he thought the answer was yes. He could not answer authoritatively when he had no idea of the exact wording of the text.

Mr. Wainhouse said that if the reference to "peaceful methods" actually covered only the off-shore islands, this should be made clear. The applicability of the resolution solely to the off-shore islands should be pinpointed throughout. Dr. Yeh observed that it was impossible to divorce the off-shore islands from the Mainland. Mr. Wainhouse said that an effort had been made to do so in this resolution. In what respect had it not succeeded? Dr. Yeh said that he would reserve a position on that until he saw the actual text of the resolution.

Dr. Yeh said that Chinese Nationalist intelligence had established that the Chinese Communists already know of our decision not to defend the off-shore islands. He said that Chu Teh declared in the course of a meeting with other Communists on July 19 in Peiping that information had been received that the Americans would not defend the off-shore islands. Again on August 13 or 14 at a conference in Mao Tse-tung's house the same assertion was made.

Mr. Robertson said if that report was correct, the Communists know they now have the capabilities of taking the islands without getting involved with the U.S. He asked if the Chinese Nationalists would continue that precarious situation in preference to the measure of support which would be afforded them by affirmative UN action? Dr. Yeh said "definitely no". Mr. Robertson said that reply did not seem to be in accord with what he had said earlier. Dr. Yeh said that the New Zealand resolution had only been read to him in paraphrase. As read to him, he thought it would give rise to bad effects. It would boomerang on both his Government and the U.S.

Government unless it was amended as just suggested. "Peaceful means" of settlement was the stated objective of the resolution as it stood. Mr. Robertson repeated that "peaceful means" of settlement referred only to the off-shore islands question.

Dr. Yeh said that Mr. Robertson must forgive his apprehensions. Mr. Robertson said he well understood the misgivings. Everyone, American and Chinese, wants to avoid being trapped in a situation which might make our joint position weaker. The U.S. representatives were just as concerned about this as were the Chinese. The U.S. of course would have no interest in joining other nations which might want to bring larger questions as to China into the UN.

Dr. Yeh said that he would undertake a study as to how, if at all, the resolution could be made to serve our common interests. At the moment he did not see how this could be done.

No. 357

793.5/10-2154: Telegram

The Secretary of State to the Department of State

TOP SECRET PARIS, October 21, 1954—3 a.m.

Dulte 6. Eyes only Acting Secretary from Secretary. I met with Eden at residence following four-power meeting this afternoon [1] to discuss matter offshore islands. He was attended by Caccia and Allen. Merchant was with me.

I opened by saying that, pursuant to my conversation with Makins, I had been anxious to expose to him personally our thinking regarding negotiation Mutual Security Treaty with Chinese National Government as soon as it had crystallized. I said that the longer we had considered problem protection Formosa, particularly in connection with projected action in SC, the more we were convinced that it was necessary to regularize situation with respect to Formosa. I mentioned that I had discussed with Sir Winston in London two weeks ago [2] this problem in connection with vital importance retention offshore island arc in Pacific. I described at some length origin original orders Seventh Fleet, extent to which they might be considered to rest on war powers and modification these orders by President early 1953. With armistices now concluded Korea and Indochina, necessity arose to make clear to Communists fact that we would not allow Formosa and Pescadores to fall

[1] Oct. 20.

[2] See footnote 3, Document 351.

into unfriendly hands. I noted curious, but deliberate, legal status Formosa under Japanese Peace Treaty and concluded by saying that we had hope that with US treaty protecting Formosa and some UN action safeguarding offshore islands, we might look forward to stabilization and peace in that area.

Eden listened with close attention and expressed appreciation fully [*full?*] exposition our thinking. He then asked in what form did we contemplate treaty would be cast. He indicated obvious concern that Formosa, while protected by US formal guarantee might continue to serve as base operations against Mainland and referred to uneasiness Cabinet over possibility that having launched action in SC, US might then negotiate treaty with Formosa which could be regarded as failure fully to disclose US intentions in advance institution action in SC.

I replied that purpose treaty would be clearly defensive and that in order to obtain ratification by Senate, I felt it would be necessary that this purpose be made abundantly clear in advance. I said, however, that it took two to conclude any treaty, and that it was by no means certain that Chiang Kai-shek would agree to accept treaty whose purpose was forthrightly designed for defense alone. I pointed out, moreover, that one could not overlook possibility that developments on Mainland at some future time might be of character which opened prospect collapse Communist regime and return Nationalist Government to China.

Eden made point he believed announcement intention negotiate treaty should precede any initiative by New Zealand on offshore island question in SC, and I agreed. Eden suggested that I might make speech which would indicate publicly US intention regularize situation Formosa, but make clear it was not intended that behind such protection island should serve as base for offensive action against Mainland.

I said that I did not believe further progress could be made until my return to Washington and that whereas I recognized risk leakage, particularly since Nationalists now generally informed of our intentions, I believed next week was earliest we could announce our intentions negotiate treaty which move I considered should be in advance any action by New Zealand in SC.

Eden again expressed his appreciation my exposition our thinking. I told him I had already held some preliminary consultations with certain congressional leaders, but that further activity on that front would be required before any public statement could be made. During conversation Eden indicated they would still desire inform Moscow and Peiping few hours in advance of action in SC with

view to impressing on them seriousness with which they should regard such move.

DULLES

No. 358

396.1 GE/10-2154: Telegram

The Acting Secretary of State to the Embassy in France [1]

TOP SECRET
PRIORITY

WASHINGTON, October 21, 1954—7:43 p.m.

Tedul 10. Eyes only for Secretary. Reference Dulte 6. [2] We agree with your conclusion public announcement of negotiations should precede contemplated action by NZ. We further agree it essential that other Democratic committee members be consulted before public announcement.

Learning Mansfield to be in town today for few hours then leaving for Oregon to be gone until after elections Robertson was authorized to discuss situation with him. Mansfield's attitude sympathetic and reaction favorable assuming of course proper safeguards be taken to ensure pact truly defensive. It is Mansfield's opinion that both announcement of negotiations and NZ action be postponed if possible until after elections. Thinks it inevitable Democratic candidates for office would seek to capitalize for political advantage to detriment of bipartisan foreign policy he strongly advocates.

HOOVER

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[1] Drafted by Robertson and approved by Hoover.
[2] *Supra.*

No. 359

795.00/10-2354

Memorandum of Conversation, by the Assistant Secretary of State for European Affairs (Merchant) [1]

TOP SECRET

PARIS, October 23, 1954.

Participants: Sir Anthony Eden
Sir Harold Caccia

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[1] Approved by Secretary Dulles, according to a notation by Roderic O'Connor on a note attached to the source text.

Denis Allen
The Secretary
Livingston T. Merchant

The Secretary opened the question by asking Sir Anthony Eden whether he had yet heard from London with regard to the off-shore island matter. [2]

Sir Anthony replied that he had just received the results of the Cabinet's deliberations. He said they were anxious to help and wanted to go ahead but that there were two points on which he would appreciate further enlightenment.

The first point was whether in the U.S. statement which would publicly announce the intention of proceeding to negotiate a mutual security treaty with the Chinese Nationalist Government on Formosa it was intended to say anything to the effect that Formosa would not under the treaty be established as a privileged sanctuary from which attacks would go forward against the mainland while the island itself was protected by a U.S. guarantee.

The Secretary indicated that in his contemplation it would be impossible to create a situation in which the Nationalists attacked the mainland whereas an attack against Formosa would bring the U.S. into the war, and he indicated that some general statement to this effect would be contained in the public statement of our intentions regarding the treaty. Sir Anthony appeared satisfied by this.

There was then some discussion of the sequence of events and Sir Anthony made clear that they still were contemplating a sequence in which first would come a statement by the U.S. of its intention to negotiate a treaty, then an approach by the British in Moscow and Peiping, a matter only of hours before the initiation by the New Zealand Government of action in the Security Council. The British statement in those two capitals would be designed to prevent the Soviets and Chinese Communists from freezing in an immediate public statement a rigid position as a reaction against the announcement of our intention. The British statement would also inform the other two governments of the impending action in the Security Council and express the view that this was a serious action taken in the interests of peace and should be regarded as such. Eden said that they were still thinking of using a statement along the general lines that he showed to us in London two weeks

[2] Dulles had reported in Dulte 8 from Paris, Oct. 21, that Eden had told him at lunch that day that he had asked Cabinet consideration of the question of whether the announcement of the U.S. intention to negotiate a mutual security treaty with the Chinese Nationalists should precede the New Zealand initiative and that he hoped to receive the Cabinet's views while he and Dulles were still in Paris. (793.5/10-2154)

ago. He said, however, that he would let us see the actual final instructions.

The Secretary for his part indicated that he would inform the British in advance of the general lines of the intended statement of our intention to negotiate.

It was agreed that the Working Group in Washington would promptly go ahead with working out the timing as well as the substance of the UNSC actions to be taken. The Secretary indicated that he was not contemplating the announcement which would set off the train of events for at least 10 days.

Sir Anthony then raised the second matter on which he said the Cabinet desired further elaboration of our views. This question was what we should do if we immediately ran into a veto in the Security Council? Should the matter then be taken to the General Assembly?

The Secretary replied that he had no rigid views on this matter and thought we should proceed on the assumption that success would attend our efforts but his present thinking would be opposed to taking the matter to the General Assembly, but that it was possible he might later change his mind on the point. His general reaction was that it probably would be best to let the matter drop if we encountered a veto in the Security Council. By leaving the subject on the Security Council agenda, we might at least have the benefit of some deterrent effect.

Sir Anthony then asked if there was a veto in the Security Council and no progress possible in the U.N., would we contemplate in our negotiations on the security treaty with the Chinese Nationalists extending our territorial guarantee beyond Formosa and the Pescadores to cover the off-shore islands. The Secretary's reply was no.

Sir Anthony expressed appreciation for the elaboration of the Secretary's thinking and indicated that there would be no problems now in proceeding to work out the details in the Working Group in Washington.

No. 360

793.5/10-2654: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

TOP SECRET TAIPEI, October 26, 1954—3 p.m.

303. Limit distribution. For Robertson FE. President Chiang asked me see him yesterday and inquired whether I had any further news re proposed New Zealand resolution calling for termination hostilities around off-shore islands. Replied I had heard nothing since Secretary's October 14 message to President. [1] Chiang said he would answer Secretary's message shortly.

Referring October 13 conversations with Robertson he remarked that under circumstances existing when Assistant Secretary made trip to Taipei it understandable US should regard New Zealand resolution as worthy of discussion. Subsequent events, however, changed situation radically Chiang believed, particularly joint statement issued in Peiping October 11 [12] and Soviet resolution in UNO October 15. He said if New Zealand resolution introduced now, it would appear to have been prompted by above Soviet resolution and as effort to appease Reds undertaken at US behest. Chiang could not comprehend how US could continue give favorable consideration to New Zealand project.

Urgency of announcement US intent negotiate defense pact with Free China was stressed once more by President Chiang.

RANKIN

[1] See telegram 237 to Taipei, Document 344.

No. 361

793.5/10-2654

Memorandum of Conversation, by the Deputy Director of the Office of United Nations Political and Security Affairs (Bond)

TOP SECRET [WASHINGTON,] October 26, 1954.

Subject: China Item: Consultations with the United Kingdom and New Zealand

Participants: The Secretary
Mr. Livingston Merchant, Assistant Secretary
Mr. Walter Robertson, Assistant Secretary
Mr. Douglas MacArthur, II, Counselor

Mr. David Key, Assistant Secretary
Mr. Miles Bond, UN Political & Security Affairs
Sir Robert Scott, British Minister
Miss Barbara Salt, First Secretary, British Embassy
Mr. M.G.L. Joy, First Secretary, British Embassy
Ambassador Leslie K. Munro of New Zealand
Mr. G.R. Laking, Minister, New Zealand Embassy
Mr. Hunter Wade, First Secretary, New Zealand Embassy

Ambassador Munro and Sir Robert Scott and their associates called on the Secretary today at their request to discuss the subject item in the light of the Secretary's recent visit to Paris.

Ambassador Munro said he would be interested in hearing the Secretary's latest thinking on the proposed New Zealand initiative and its timing, and also on the proposed mutual defense treaty with Nationalist China. The Ambassador said that his Government would like to see the shortest possible time elapse between the announcement by the U.S. Government regarding the proposed treaty and the announcement of the New Zealand initiative. He went on to say that he was still concerned about what the next step would be should the New Zealand resolution succeed, and in particular what could be said to the Communists regarding the future of the coastal islands. The Ambassador added that it was his understanding that the U.S. was disposed to discuss with the New Zealand Government the terms of any announcement which we might propose to make regarding the negotiation of a treaty with the Republic of China.

The Secretary said that he had had a couple of talks with Sir Anthony Eden on this general subject, and that there had been substantial agreement that announcement of the proposed treaty should precede announcement of the New Zealand initiative, but that the two steps should be taken as close together as practicable. The Secretary said that his general thought was that the two steps were parts of a single whole and should be carried out as a "two-pronged operation". He said he believed that Sir Anthony agreed with that point of view.

The Secretary went on to say that we were all perplexed by two problems: (1) what subsequent action we should take in the event the New Zealand initiative should succeed (a problem which the New Zealand Ambassador had already raised), and (2) what we should do in the event of a Soviet veto. He said that in the latter eventuality the present situation in the coastal islands would probably persist, but that the likelihood of fighting might well be diminished by virtue of the moral effect of a majority vote of the Se-

curity Council, regardless of any veto. He said that if the operation failed and fighting should be intensified, the U.S. would be confronted with the difficult problem, from the standpoint of the proposed treaty, of what the Nationalist Chinese should do to defend the islands and to what extent we should assist them in that effort. The Secretary added that his own feeling was that even should the New Zealand resolution fail, we would not be worse off for having made the effort.

Ambassador Munro stated that the British Ambassador had made the suggestion that the Peace Observation Commission might be utilized in connection with the Quemoy situation. The Secretary observed that this suggestion might be worth thinking about.

Sir Robert stated that it was his understanding that Sir Anthony Eden wanted to go ahead with the present plans but that he did not believe that he could give a final commitment until he knew the full terms and conditions of the U.S. undertaking with respect to a mutual defense treaty with the Republic of China. The Secretary said he thought that in general this did represent Sir Anthony's feeling in the matter, and added that Sir Anthony's particular concern was that the proposed treaty be defensive in character. He said that he did not, however, anticipate any difficulty in meeting Sir Anthony's views in this regard.

Ambassador Munro asked the Secretary if he was still content with the draft resolution which had previously been agreed upon. The Secretary replied that he believed he was. Sir Robert then asked the same question with respect to the agreed Minute, adding that it was London's view that both the resolution and the Minute should be reexamined in the light of the U.S. intention to go ahead with a treaty. In particular, he raised the question whether, taking into account the proposed treaty, discussion could still be confined as agreed in the Minute. The Secretary stated that he had never believed it would be possible to confine discussion to the subject matter of the New Zealand resolution, and that it was for this reason that he had concentrated on endeavoring to confine the *action* which our respective Governments would take. The Secretary went on to say that he was just beginning to resume consideration of the many aspects involved in the present exercise, and that this question might be considered on Thursday [1] by the National Security Council.

Ambassador Munro asked if there would be any value in reconstituting the working group to consider such important details as the timing of the treaty announcement, arrangements for notification to Moscow and Peking concerning the New Zealand resolution,

[1] Oct. 28.

etc. The Secretary said he would rather wait a day or two to think about the problems involved from the point of view of the U.S. He pointed out that the proposed treaty was a difficult one to draw up, particularly because of the problem of how to deal with the coastal islands, and observed that the problem would be a much easier one if the New Zealand initiative should be successful. He added that in any event formulation of the treaty would require considerable consultation with the Chinese Nationalists.

Sir Robert agreed that if the New Zealand resolution failed, the problem of the treaty would be a much more difficult one for the U.S. The Secretary said that we were now studying ways and means of dealing with that problem. Ambassador Munro observed that a treaty covering only Formosa and the Pescadores would be particularly dangerous should the New Zealand resolution fail, since it would then constitute an open invitation to the Communists to seize the coastal islands. The Secretary said that we were of course aware of that and that it was our aim to deal with the two aspects of the problem simultaneously. Sir Robert expressed the opinion that the success of the New Zealand resolution in the UN would be dependent to a large measure on the manner in which the proposed treaty was initially presented to the public. The Secretary agreed that this might well be the case, and said that the whole problem which we were now considering involved a most difficult and delicate operation. He said that he believed, therefore, that it would be better not to set up the working group until we were a bit more sure of our ground. Ambassador Munro said that he accepted that judgment.

Sir Robert expressed agreement but said he believed we could still begin to think about the form of the proposed treaty announcement. The Secretary said he had assured Sir Anthony that we would discuss with the UK representatives the terms of the treaty announcement.

Ambassador Munro said that he assumed, in view of the foregoing, that the Secretary would not wish to discuss the matter further before Friday, to which the Secretary indicated agreement.

Mr. MacArthur raised the question of what Ambassador Munro should say to the press after the meeting; it was agreed that he should describe his visit as a normal periodic consultation with the Secretary—a "routine clearing of decks".

Sir Robert asked what bearing the new Soviet agenda item on aggression against Communist China would have on our proposed course of action, and what the timing would probably be. Mr. Key said that the General Committee was scheduled to discuss inscription of the item on November 2, that being the end of the two-week postponement agreed upon by the Committee. With respect to the

handling of the inscription question, Ambassador Munro said he assumed we were agreed that the item should be placed as far down as possible on the Committee I agenda.

No. 362

793.5/10-2754

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy)

TOP SECRET [WASHINGTON,] October 27, 1954—10:30 a.m.

Subject: 1. New Zealand Resolution.
2. Mutual Defense Treaty.

Participants: Dr. V.K. Wellington Koo, Chinese Ambassador
Foreign Minister, Dr. George Yeh
The Secretary
Mr. Walter S. Robertson, Assistant Secretary for FE
Mr. Walter P. McConaughy, Director for CA

Limited distribution. Foreign Minister Yeh referred to the Chinese memorandum of October 23 [1] setting forth the Chinese position in regard to the New Zealand resolution. He said that he would be grateful if the Department could reply informally in writing to the Chinese memorandum, so that he could make appropriate recommendations to his Government on the basis of the written U.S. reaction.

The Secretary said that he would prefer to wait a day or so before expressing any further views. There are certain aspects of the matter which are still under consideration. He hoped that it might be possible to start serious talks with the Chinese representatives about the 29th. He confirmed that the United States wanted to work out a Mutual Security Treaty, as the Generalissimo had been informed. The question of how to specify the area to be protected was causing some difficulty. Obviously it could not be said that every little island dot off the coast of China, if taken by the Chinese Communists, would represent a danger to peace and security. There are good reasons for considering the defense of Formosa and the Pescadores important to the security of the United States. But the United States cannot commit itself to fight for the retention of the off-shore islands by the Chinese Government. At the same time the U.S. does not want to leave them vulnerable to Chi-

[1] This memorandum, with a covering note from Ambassador Koo, was delivered to the Department on Oct. 23. (793.00/10-2354)

nese Communist attack. The Department is wrestling with this problem at the moment. Meetings are taking place with the responsible people from the Pentagon. All are thinking hard about the problem, but a minimum of 48 hours is needed for [all?] to think the problem through and obtain necessary clearances. It should be possible to start serious talks early next week, if not during this week-end. Insuperable obstacles might be encountered, but we hope not. He said he has been exploring all the angles of the problem since his talk with the Generalissimo in Taipei. He has worked hard on the difficult aspects. The question is very much on his mind. The Foreign Minister might be needed back in Washington in a day or so.

Foreign Minister Yeh said that he had to return to New York on the 28th. He could return to Washington any time after the 29th. He hoped that the Chinese position was made clear in the memorandum of October 23. He feared that the New Zealand Government might have under-estimated the implications and connotations of its proposed resolution. The Chinese Government would be willing to go along with the resolution if the undesirable implications and connotations were eliminated. He observed that in the Chinese view the resolution would not give actual protection to the off-shore islands. If the resolution were rejected by the Communists, the aggressive Communist attitude might help the moral position of the Chinese Government. But the adverse factors must be weighed against the possible moral benefit.

The Secretary said the Foreign Minister could be sure that the Department is studying the whole question with a sympathetic understanding of the Chinese Government's point of view. He would prefer to wait about two days before saying anything more specific. Any time after Friday would probably be suitable. The Secretary added that the subject was very touchy politically. Of course, there was a group of senators quite dedicated to anything which would help the Chinese Government position. But actually this group constituted a minority of the Senate. It might be important to know the result of the elections on November 2 before proceeding. If Republican control of the Senate were retained, the Administration would be off to a good start and might get prompt action on a Treaty. But if the Democrats won control of the Senate, there would be a change in those to be consulted. Such a shift might delay action on Treaty matters. He hoped to get action started at once on a rounded program, of which the proposed Treaty would be a part. He hoped that the program would substantially meet the Foreign Minister's wishes and strengthen the position of his Government. He recalled that he had told Ambassador Koo that a Defense Treaty might tend to weaken the position of the Chinese Gov-

ernment in some respects, since it could apply only to Formosa and the Pescadores. He remembered that the Generalissimo had maintained that appropriate language could readily be worked out to solve this problem. However, he had not received any concrete suggestion along this line from the Generalissimo. He was studying the matter closely anyway.

Foreign Minister Yeh asked if Treaty talks should get under way before the election.

The Secretary said that he thought it might be possible to start talks during the coming weekend.

Mr. Robertson pointed out that it would not seem desirable to make any announcement regarding any prospective Treaty before the election.

The Secretary emphatically agreed, but he thought that private talks with the Foreign Minister might start before the election. In any event it would take two or three days to consult President Chiang in Taipei.

Foreign Minister Yeh said that of course he recognized that the application of the operative clause of the Treaty would have to be limited to some extent. He suggested that the original draft Treaty submitted by the Chinese Government last December [2] might be used as a tentative basis for the initial discussions. He appreciated that changes must be made. He said that even his own Government would not wish to stand pat on the language it proposed at that time. He thought his Government would have some changes to suggest. The Chinese position was by no means inflexible.

The Secretary said that both sides must be flexible and think in practical terms. It would be impossible to obtain ratification of a Treaty which might automatically draw the United States into war with Communist China.

The Foreign Minister said that his Government did not want to force the United States into war with Communist China and would not propose Treaty language designed to embroil the United States with Communist China.

The Secretary remarked that the problem of drafting appropriate Treaty language could not be lightly brushed aside. It was extremely hard to solve.

Foreign Minister Yeh said that the Treaty could not stand by itself.

Secretary Dulles agreed. The two Governments must have an understanding on many things. This added to the difficulty.

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[2] See footnote 2, Document 161.

Foreign Minister Yeh said the Treaty would have the advantage of affording a more permanent relationship. But other arrangements were needed also.

Secretary Dulles noted that there was a grave constitutional question as to how long the President could keep the order to the 7th Fleet in force. The original order of President Truman could be justified under the "war powers" of the President. But after the Korean Armistice there is a question as to the President's authority in the absence of a Joint Resolution of Congress, or a Treaty ratified by the Senate. Legally the President acting independently of Congress might not have the power to determine that the defense of Formosa and the Pescadores is vital to the peace and security of the United States. The legal right of the President to direct the 7th Fleet to defend Formosa without Congressional sanction was being eroded with the lapse of time. The Attorney General might find that the President lacks constitutional authority to continue the order to the 7th Fleet. Senator Knowland has expressed the view that Congress would be reluctant to pass in advance a Joint Resolution giving this authority to the President. Congress does not like to give "a blank check". If the President waits until an emergency arises and then seeks Congressional backing, the approval might come too late. Emergency powers do not last forever. The question is how to replace the 7th Fleet order with something not based on emergency powers. The United States Government does not want any gap in its defense arrangements. The off-shore island chain extends from the Aleutians through Japan and the Ryukyus, Formosa and the Philippines to Australia and New Zealand. Formosa is the only place in this chain not covered by defense provisions of undoubted validity. The United States does not want a gap in the chain any more than the Chinese Government does. The United States is working hard to find an answer along the lines of a Treaty.

Foreign Minister Yeh said that last February he wrote down some thoughts on the matter. At that time he doubted the constitutional position of the President. This was one of the reasons for a Treaty which he listed in a letter to Vice President Nixon. [3]

Foreign Minister Yeh then said that he wished to make a statement which must be put most precisely:

a) The Chinese Government does not have the slightest intention of making a Treaty with the United States serve as a basis for action against the mainland of China.

b) There is no intention on the part of the Chinese Government to involve the United States in war with Communist China.

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[3] Presumably the letter transmitted in telegram 360, Document 162.

The Foreign Minister said "I mean this Mr. Secretary, and I think you can trust me".

The Secretary said that he did believe and accept the assurances of the Foreign Minister.

Foreign Minister Yeh said on the other hand his Government wanted to be certain that the Treaty did not confine its sovereignty to Formosa and the Pescadores. Such a limitation would be unacceptable both politically and psychologically. The Chinese Government position rests on two pillars: 1) its strength for defense, and 2) its hope for return to the mainland. The reference to "hope" might sound far fetched, but—

Secretary Dulles interrupted to say that the reference was not at all far fetched. He recognized its importance. It was his view that despotisms such as the one now ruling the mainland of China are not permanent. They run counter to the nature and aspirations of humanity. They often have a seemingly impregnable exterior but inside they are full of rottenness. We did not fully realize the truth of this generalization as applied to Nazi Germany until after the war we got into the secret wartime diaries and letters of the Nazi leaders. When they seemed so invulnerable in the war years, we know now they had already begun to crumble. Powerful leaders in a dictatorship may be liquidated very abruptly, as happened in the case of Beria last year. It is not unrealistic to envisage the possibility of a sudden unexpected collapse of a ruthless dictatorial regime. We would want to be ready, if the opportunity comes, to take immediate advantage of it. The opportunity might come in one year or in 5 years. No one could tell. The Secretary said he recognized that Formosa must not become an island prison for Free Chinese. On the other hand it would be folly to kill the chances of success by moving prematurely. He thought that if the Chinese Nationalists should try an invasion today, they would probably be destroyed. He assumed that the Chinese Government agreed that it did not have the capability at present for large-scale offensive action.

Foreign Minister Yeh said that the assumption was of course correct. He mentioned that the Chinese Government had already given a firm commitment not to mount any attack—even a large-scale raid or commando-type operation—without first obtaining U.S. consent. The Chinese Government had scrupulously lived up to this commitment and would continue to do so.

The conversation ended at about 11:10 a.m.

No. 363

FE files, lot 55 D 480, "Communist China"

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Under Secretary of State (Hoover)

SECRET [WASHINGTON,] October 27, 1954.

Subject: FE's Evaluation of New Sino-Soviet Agreements

In response to your request for an evaluation and possibly a position report from the FE area on "new" relationships between Communist China and the USSR, [1] the following sums up this Bureau's reaction to the agreements announced in the Sino-Soviet communiqué of October 12.

The communiqué reveals no basic change in the relationship between Peiping and Moscow which has existed since the Sino-Soviet Treaty of February 1950. Communist China remains firmly integrated in the Communist bloc under the leadership of the Soviet Union. It is pertinent to note in this connection, that the communiqué was issued shortly after the adoption of a constitution by the Peiping regime [2] which reaffirms Communist China's "indestructible friendship" with the "Great" Soviet Union and outlines a domestic policy of "Socialist transformation", whose goal is weil described in the Chinese Communist slogan "the Soviet Union of today is the China of tomorrow".

While FE can find in the communiqué no ground for re-evaluating the present official U.S. estimate of the solidarity of the Peiping-Moscow tie, the communiqué does represent a significant propaganda effort designed to promote the peaceful co-existence theme. This effort is aimed primarily at Asian nations and especially at Japan which is singled out for individual attention. By conveying the impression that the status of Communist China has been elevated to that of equality with Moscow, the Communists apparently hope not only to lend added prestige to the Peiping regime which might strengthen its bid for international acceptance and a UN seat but also to allay fears of such countries as Japan and India that close association with the Communist bloc means subservience to Moscow.

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[1] The request was transmitted in a memorandum of Oct. 2 from Walter K. Scott to Robertson, attached to the source text.

[2] On Sept. 20.

No. 364

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 220th Meeting of the National Security Council, Washington, October 28, 1954 [1]

[Extract]

TOP SECRET

Present at the 220th meeting of the Council were the President of the United States, presiding; the Secretary of State; the Secretary of Defense; the Acting Director, Foreign Operations Administration; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission; the Director, U.S. Information Agency; the Deputy Secretary of Defense; the Secretary of the Army; the Acting Secretary of the Navy; the Acting Secretary of the Air Force; the Chairman, Joint Chiefs of Staff; the Chief of Staff, U.S. Army; the Chief of Naval Operations; General White for the Chief of Staff, U.S. Air Force; the Commandant, U.S. Marine Corps; the Director of Central Intelligence; Robert Cutler, Special Assistant to the President; the Deputy Assistant to the President; Robert R. Bowie, Department of State; the White House Staff Secretary; Bryce Harlow, Administrative Assistant to the President; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the main points taken.

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4. The Far East (NSC 5429/2; NSC 146/2; NSC 166/1; Memos for NSC from Executive Secretary, subject: "U.S. Objectives and Courses of Action With Respect to Formosa and the Chinese Nationalist Government", dated September 28 and October 5, 1954; [2] NSC Actions Nos. 1224, 1233–c, 1234, and 1235 [3])

Mr. Cutler explained the motives which had prompted him to prepare a summary statement presenting as objectively as possible certain findings of General Van Fleet's report [4] which had particu-

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[1] Dated Oct. 28 and drafted by Gleason.

[2] Neither printed, but see footnote 5, Document 303, and footnote 1, Document 321.

[3] For NSC Action No. 1224, see footnote 9, Document 293; for NSC Action Nos. 1233, 1234, and 1235, see footnotes 7, 10, and 12, Document 322.

[4] The "Report of the Van Fleet Mission to the Far East," submitted to the President through the Secretary of Defense on Sept. 30, is not printed. Its recommenda-

Continued

lar bearing on national security policy with respect to the Far East. He then proceeded to read this statement to the members of the Council (copy filed in the minutes of the meeting). [5]

At the conclusion of Mr. Cutler's statement, the President inquired whether General Van Fleet's conclusions, as summarized by Mr. Cutler, were his own individual views or those of the mission as a whole. He also inquired as to who beside General Van Fleet had composed the mission. In reply, Mr. Cutler read to the President the names of the most prominent members of the Van Fleet mission, and expressed the opinion that the views which he had just summarized in his statement were those of General Van Fleet himself.

Secretary Wilson partially confirmed Mr. Cutler's opinion by pointing out that Assistant Secretary of Defense McNeil had expressed himself as out of sympathy with much of the content of General Van Fleet's report. Secretary Wilson added that he had asked Secretary McNeil to join the Van Fleet mission largely in order to handle the aspects of technical and financial assistance.

Mr. Cutler then commented briefly on the force levels recommended in the Van Fleet report for the various countries concerned, and added that with at least one aspect of current U.S. policy toward the Far East General Van Fleet was in agreement—namely, that he favored redeployment of U.S. armed forces from Korea.

Secretary Wilson said he believed he should point out that in simple fairness to General Van Fleet there were many people in the United States who felt that we had made a mistake in not backing Chiang Kai-shek to the hilt and going to war against Communist China. The problem was, however, how we should be able to end such a war against Communist China.

The President said that he was trying to decide what disposition to make of the Van Fleet report. He also inquired whether there was anything in the original directive to General Van Fleet which would have permitted him to go so far afield in his report. Mr. Cutler replied that there was nothing which would have so authorized General Van Fleet.

Mr. Cutler then informed the Council that the Secretary of State desired to make certain specific points in today's discussion of Far Eastern policy, with regard to Formosa and the Nationalist-held

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tions pertaining to China included the prompt negotiation of a mutual defense treaty with the Republic of China; negotiation of a regional alliance composed of China, Japan, Korea, the Philippines, and United States; and the extension of U.S. protection to the offshore islands. (611.90/10–754) For a memorandum from Robertson to Dulles, Oct. 25, assessing the Van Fleet report, see vol. XII, Part 1, p. 953.

[5] Not attached to the source text.

offshore islands. Discussion of these specific points at today's meeting would be followed by a more general discussion of U.S. policy in the Far East at the special meeting of the National Security Council on Tuesday, November 2. The Executive Secretary then proceeded to hand out copies of the report which the Secretary of State proposed to read to the members of the Council (copy filed in the minutes of the meeting [6]).

Before commencing to read his report, Secretary Dulles reminded the Council of the decision it had taken with respect to the Nationalist-held offshore islands at the Denver meeting, [7] and of Assistant Secretary Robertson's recent mission to Formosa with respect to the possibility of negotiating a mutual defense treaty between the United States and the Chinese National Government. Both of these matters were under active discussion at the present time, said the Secretary, and he had prepared his present report not with the objective of obtaining Council approval at this meeting, but rather to indicate how our current moves fit into the overall picture. He then proceeded to read his report.

In the course of reading the report, Secretary Dulles was interrupted by Secretary Wilson, who expressed anxiety over the proposal to have the UN stabilize the *status quo* in the offshore islands. Secretary Dulles replied that the proposal also worried him, but that it was the best solution to the problem that he could foresee at present. Secretary Dulles reiterated his previous arguments on behalf of this proposal, concluding with the argument that if we did ultimately decide to engage our armed forces in the defense of the offshore islands against Chinese Communist attack, it would be better to do so under the aegis of a UN resolution.

The President said that he did not understand that this procedure would commit the United States in advance to resorting to war to defend these islands, and Secretary Dulles said that the President's understanding was correct.

Secretary Wilson inquired whether, if the problem of the offshore islands was put up to the UN, the latter would have the power to recommend that these islands be turned over to the Chinese Communists. Secretary Dulles replied that no such recommendation would be made, since the United States has an agreement with its major allies in the UN with regard to the scope and wording of a UN resolution respecting these islands.

Secretary Humphrey inquired whether there was not a real danger that when the issue came up in the UN the Chinese Communists would say that they would refuse to participate in the UN

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[6] *Infra.* The report is not attached to the source text.
[7] Sept. 12; see Document 293.

proceedings until they themselves became members of the UN. Secretary Dulles replied that he thought there was little danger of such an eventuality. They will not manage to pry themselves thus into the UN, although they may very well try.

Secretary Humphrey nevertheless feared that the Chinese Communists would be building up a case for themselves. Secretary Dulles countered by stating that the odds were tremendous that such an exercise would weaken rather than strengthen the claims of Communist China to membership in the United Nations. Mr. Allen Dulles agreed with Secretary Dulles, except in the improbable event that the Chinese Communists accepted the UN resolution on the offshore islands.

Secretary Dulles then went on with the reading of his report, and was again interrupted by Secretary Wilson, with an inquiry as to whether our embargo on trade with Communist China differed from the restrictions we placed on our trade with the USSR. Secretary Dulles replied in the affirmative, and Secretary Wilson said that he could see no reason for such a distinction.

Secretary Dulles noted the increasing difficulty encountered by the United States in continuing the embargo on Western trade with Communist China in the face of allied and neutral pressure to lighten the restrictions on this trade and to make them conform with the less stringent restrictions applied to trade with the Soviet Union. When Secretary Wilson said that he could see no objection to equalizing the two policies, Secretary Dulles reminded him that the Chinese Communists were still aggressive and heavily engaged in building up their military strength and war potential. With respect to the difficulties of maintaining the U.S. position on trade with Communist China, Secretary Dulles referred to an earlier statement of the Director of Central Intelligence indicating that many of the embargoed products are actually reaching Communist China via the Soviet Union.[8] Railroad capacity from Russia into China was not now severely taxed.

The President, who had been provided with a map of China indicating the main rail routes, asked the members of the Council if they ever stopped to think how the Chinese Communists must shudder over the prospects of general war, in view of the small number of railroad routes and their exposure to attack.

Secretary Dulles completed the reading of his report, and said that it raised two broad questions with respect to two aspects of U.S. policy in the Far East on which we were already moving ahead. In the first place, if the United States could put it in the

[8] No such statement is recorded in the memorandum of discussion at this meeting.

right setting, we may try to move after the elections are over to secure a defensive treaty with Formosa; and secondly, we may proceed with the proposal for UN support of a program to preserve the *status quo* in the Nationalist-held offshore islands. He would like, so to say, for the Council to speak up now on these two issues, or thereafter hold its peace.

Mr. Cutler said that in so far as the issue of our policy toward Formosa was concerned, could the Secretary of State tell the Council what view the Generalissimo took about a defense treaty with the United States? Secretary Dulles replied that Chiang had indicated to Robertson his willingness to go along with such a treaty. From the point of view of the Chinese Nationalists there were two factors to consider in this matter—offensive and defensive. The proposed treaty would certainly limit Chinese Nationalist aspirations in the direction of offensive action against the mainland, and of course they would not like this. On the other hand, they were pleased by the defensive aspect of the treaty because it would avoid any future danger that Formosa would be returned to Communist China or would be put under some sort of UN trusteeship. Obviously they would regard the assurances provided by such a defensive treaty as much safer than the assurance now provided by the U.S. Seventh Fleet, whose mission to protect Formosa would be in increasing jeopardy as the truce in Korea continued. Furthermore, such a mutual defense treaty with the United States would put Formosa in the same category with respect to relations with the United States as were Korea, Japan and the Philippines. This was a status which the Chinese Nationalists had long desired, and accordingly they may well be willing to pay the required price, which would be the psychological loss of their hopes of returning to the mainland. But, after all, they did not have very much real hope of realizing such an objective, since their return to the mainland was inconceivable without tremendous U.S. support. Thus, concluded Secretary Dulles, while he could not honestly state that Chiang Kai-shek would welcome such a program as he had outlined, and while he would not wish to forecast exactly how Chiang would react to it, on balance he believed the Chinese Nationalists would accept it as desirable.

Mr. Cutler then queried Secretary Dulles on the situation at Quemoy. If the UN resolution went through and the Chinese Communists thereafter attacked Quemoy, would not the Chinese Nationalists have a right to defend the island? Secretary Dulles replied that they most certainly would have such a right. Mr. Cutler inquired whether this right would extend to a Chinese Nationalist attack on the mainland. Secretary Dulles replied that they would

certainly have such rights as to pursue attacking Chinese Communist planes into mainland China.

Secretary Wilson expressed the opinion that such a treaty with Formosa as was being proposed by Secretary Dulles would prove very dangerous for the United States until such time as these offshore islands were returned to Communist China, which must be, he believed, the final position.

Dr. Flemming inquired whether the UN proposal for neutralizing the offshore islands would be acceptable to Nationalist China, and Secretary Dulles replied that he believed that the Nationalists would reluctantly accept this program if it were coupled with the mutual defense treaty between the United States and Formosa.

Secretary Dulles then inquired of the Council whether he was authorized to go further with the negotiation of the two programs outlined in his report. He pointed out that things were moving fast in the Far East, and while he was perfectly willing to talk next Tuesday in a more general way about our Far Eastern policy, he felt that he needed Council approval of these two specific programs at this time.

The President indicated his sympathy, and suggested that what the Secretary of State was proposing was the least bad of bad choices. Secretary Wilson inquired whether, if Chiang Kai-shek wished to, he could pull his troops out of the offshore islands. The President replied that he could if he wanted to.

Mr. Cutler then inquired of the Secretary of State whether he had discussed with the Joint Chiefs of Staff the proposal for a mutual defense treaty with Formosa. Mr. Cutler thought that the Joint Chiefs would doubtless desire to express their views on this subject. Admiral Radford commented that there had been a very brief and informal discussion of the subject by the Joint Chiefs of Staff, but that there had been no formal expression of their views, even though a request for such formal opinion had been received from the Secretary of Defense.[9] Admiral Radford explained this by pointing out that before the Joint Chiefs could present their formal views to the Secretary of Defense on the subject, Secretary Robertson had gone off to Formosa, and Admiral Radford thought that this was all water over the dam. Nevertheless, he added, the reaction of the Chiefs of Staff, or of most of them, had not been favorable to the idea of a mutual defense treaty with Formosa.

General Ridgway interrupted to state that this subject had not really been discussed by the Joint Chiefs of Staff.

The President ended the discussion by pointing out that if the United States considered Formosa vital to its security interests and

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[9] See footnote 4, Document 340.

that, accordingly, the island must be defended, it was essential that we enter into such a treaty, not least of all because continued reliance on the use of the Seventh Fleet to defend Formosa could conceivably lead to impeachment.

The National Security Council: [10]

a. Noted and discussed a summary of that part of General Van Fleet's personal report on his recent mission to the Far East which dealt with national security policy, as read at the meeting by Mr. Cutler.

b. Noted and discussed a report by the Secretary of State on U.S. policies in relation to China (Chinese Nationalists and Chinese Communists), as distributed and read at the meeting.

c. Noted the President's authorization to the Secretary of State to proceed as recommended in paragraphs 1, 2 and 3, pages 4–7, of the report referred to in b above. [11]

d. Agreed to continue, at the special meeting of the Council to be held on Tuesday, November 2, discussion of further aspects of Far Eastern policy, including views of the Joint Chiefs of Staff and the Director of Central Intelligence on the report referred to in b above.

Note: The action in c above, as approved by the President, subsequently transmitted to the Secretary of State for implementation.

S. EVERETT GLEASON

[10] The lettered subparagraphs constitute NSC Action No. 1258. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the National Security Council, 1954")

[11] Arabic-numbered paragraphs 1, 2, and 3 in the report, *infra*.

No. 365

PPS files, lot 65 D 101, "China"

Report by the Secretary of State to the National Security Council [1]

TOP SECRET [WASHINGTON,] October 28, 1954.

Our policies in relation to China (ChiNats and ChiComs) need now to be brought into harmony with our basic overall policies. At present they include certain elements which are obsolete.

Our basic policy is to be clear and strong in our resolve to defend vital United States interests, but not to be provocative of war. We want peace so long as this does not involve the sacrifice of our vital interests or fundamental moral principles.

[1] The source text is not signed and bears no indication of the drafter; a handwritten note on it indicates that it was distributed by the Secretary at the Oct. 28 NSC meeting.

In application of the above policy in the Far East:

I. We have negotiated since 1951 a series of mutual security treaties covering Japan, South Korea, the Philippines, Southeast Asia, Australia, and New Zealand. We have assumed virtual sovereignty over the Ryukyus in exercise of our rights under the Japanese Peace Treaty, and we have instructed the Seventh Fleet to protect Formosa.

These various measures in aggregate substantially cover the free world positions, in the Western Pacific and East Asia, except Indonesia which is neutralist. Keeping these areas out of Communist control is essential to the maintenance of the Pacific Ocean as a friendly body of water with our defenses far from and not close to the continental United States.

II. We brought to an end the fighting in Korea against the ChiComs and the North Koreans when we could do so consistently with the maintenance of the principles which had brought us into that war and when to prolong the fighting would probably have led to general war with Communist China—and perhaps Russia. Now it is our policy to prevent Rhee from renewing the war.

III. The Executive was ready to recommend to the nation that we intervene in the Indochina fighting on condition that the object would be independence and not colonialism, and if the action would be *united* action, including those most directly concerned in the area. When these conditions were not obtainable, we acquiesced perforce in the Indochina armistice and we stated that we would not seek, by force, to violate that armistice. We are, however, seeking to limit the ill results of the armistice as they may affect us, notably by the Manila Pact.

IV. With relation to China, we have the following policies:

1. Continuing diplomatic recognition of the National Government as the Government of China.
2. Direct support of the ChiNat military establishment and their economy through large scale aid programs.
3. Non-recognition of the Chinese Communist regime but dealing with it on a *de facto* basis when circumstances make this useful.
4. Opposition to seating the ChiComs in the Security Council, the General Assembly, and other organs of the United Nations.
5. Maintenance of a trade embargo against the ChiComs.
6. Dependence on Executive Order for defense of Formosa and the Pescadores by United States Armed Forces.
7. Encouragement of ChiNats' harassing operations by sea and air against Communist shipping and certain mainland targets of opportunity. (This policy is partially and provisionally in suspense.)
8. Leaving the fate of the Nationalist held offshore islands (Quemoy, Tachen, etc.) to be determined by fighting between the ChiComs and the ChiNats with United States support to the ChiNats limited to matériel support.

The above policies originated at about the time of the outbreak of the war in Korea, they continued while fighting was active in Indochina. In part they represented the then need for diversionary threats. The order to the Seventh Fleet presumed possession by the President of "war powers".

Present conditions do not call for any basic change in the first five of the above-mentioned policies. However, now that the Korea and Indochina fighting has been brought to a close, some of the above policies require adjustment to bring them into harmony with our basic policies and our constitutional procedure.

1. There should be negotiated a mutual security treaty with the ChiNats covering Formosa and the Pescadores, but not the offshore islands. In this connection it may be noted that Japan never ceded sovereignty over Formosa and the Pescadores to China. Japan renounced its own sovereignty but left the future title undefined. Thus the United States as principal victor of Japan has an unsatisfied interest in these former Japanese islands. This treaty, when made and ratified, will replace the Seventh Fleet Presidential order which is becoming of questionable validity from a constitutional standpoint.

2. The treaty should be defensive in nature and this aspect should be accepted by the ChiNats. It would not be consistent with our basic policy of non-provocation of war were the United States to commit itself to the defense of Formosa, thus making it a "privileged sanctuary", while it was used, directly or indirectly, for offensive operations against the ChiComs.

The policy should be the same as in relation to Germany where Adenauer has renounced the use of force to unite Germany, and in relation to Korea where we oppose the use by Rhee of force to unite Korea. This does not exclude taking advantage of opportunities by joint agreement, as for example, if there were large scale insurrections against the Chinese Communist leadership or if their regime collapsed.

3. The United Nations Security Council should be seized with the problem of the fighting, actual and potential, involving the ChiNat held offshore islands with a view to that Council's taking provisional measures to stop the fighting as necessary to prevent the aggravation of a threat to international peace and security. This would, broadly speaking, restore the situation to that which has in the main existed over the last five years. The ultimate disposition of these islands would have to be peacefully resolved at some future date not now predictable. If Security Council action were accepted by the ChiNats but vetoed or otherwise blocked by the Communist side, then the United States might feel justified in agreeing to the use of Formosa as a base from which the Nationalists could aid in the *defense* of the offshore islands, were they seriously attacked by the ChiComs.

4. So long as the ChiComs are engaged in building up a war establishment and are motivated by a hostility to the United States which is, on the surface, more virulent than that of Soviet Russia, it is important to maintain stringent controls on strategic materi-

als for China. It is true that to the extent that the China embargo is more severe than that on the Soviet bloc, there can be importations via the Soviet Union. However, at the moment transportation facilities limit this possibility.

The reaction of the ChiComs to United Nations Security Council action will probably have a bearing on the degree to which it is possible to get other countries to maintain an embargo list like the present one. Recalcitrant action would make it easier; acceptance of United Nations authority would make it harder, to maintain the list. Already considerable pressures to reduce the list are building up. Perhaps some minor adjustments are inevitable in order to maintain the essentials. We should, however, exert our influence in favor of restricting China trade in goods which would have a strategic use in China.

No. 366

Taipei Embassy files, lot 62 F 83, "Interception of Shipping, 1954–1956"

The Ambassador in the Republic of China (Rankin) to the Deputy Assistant Secretary of State for Far Eastern Affairs (Drumright)

TOP SECRET EYES ONLY
OFFICIAL–INFORMAL

TAIPEI, October 29, 1954.

DEAR DRUM: This refers to your letter of October 12, [1] received today, enclosing a copy of Ambassador Lodge's letter of October 6 to the Secretary regarding the Soviet tanker *Tuapse*. You ask for suggestions as to "better coordination".

In case you have not seen it, I quote the following from my letter of September 13 to Walter McConaughy:

"A corollary difficulty is well illustrated by the *Tuapse* case. Assuming that the United States Government really wants the Chinese to release the tanker, how are we to convince them of this? Our senior intelligence representative here quite naturally is not regarded by the Chinese as having authority in matters of policy, while our senior diplomatic and military representatives were bypassed at the outset in this case—as were also Admirals Radford and Carney, I am told—and therefore may be presumed to have nothing to do with the matter. As in the case of the troops in Burma for so long, it therefore is taken for granted by the Chinese that representations made by the Embassy about the *Tuapse* are for the record only and do not represent the true wishes of the United States Government. I should not be surprised if a personal message from President Eisenhower to President Chiang would be required eventually in the present instance."

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[1] Not printed.

As far as I know our coordination out here is as good as it can be with an indefinite number of United States Government representatives at this end receiving instructions from and reporting to an indefinite number of bosses in Washington. You know better than I whether the latter coordinate their activities effectively and to what extent they may instruct their representatives out here *not* to coordinate with the Embassy in certain cases.

As to the specific question asked in the last substantive paragraph of Ambassador Lodge's letter, I am assured that no responsible U.S. officials here have urged retention of the *Tuapse*. I have no reason to doubt these assurances, but it is quite likely that devious methods in conveying information to President Chiang in this connection resulted in giving him the impression mentioned in my letter of September 13.

It will be apparent from the record that I have been unhappy about this whole *Tuapse* affair ever since I learned of the project, quite by accident, shortly before the interception took place (my telegram 702 of June 22, 1954).

A further complication now is that President Chiang and his Government find it very difficult to release the ship because of the loss of face involved. Serious criticism already is being directed against the Government, in the Legislative Yuan and elsewhere, for even entertaining the thought.

I have addressed this letter to your eyes only for the reason that your letter was so marked. Actually, I have no objection to your showing mine to anyone with a legitimate interest in the case.

Sincerely yours,

K. L. RANKIN

No. 367

611.93/10-3054

Memorandum by the Chairman of the Joint Chiefs of Staff (Radford) to the Secretary of Defense (Wilson) [1]

CONFIDENTIAL WASHINGTON, 29 October 1954.

1. As you know, the Secretary of State has requested an informal meeting with the Joint Chiefs of Staff at 1530 today. At this meeting, it is the Joint Chiefs' understanding that they will discuss with the Secretary of State the report made by him on U.S. Policies in

[1] Copies of this memorandum and Documents 369 and 370 were sent to Murphy, MacArthur, Bowie, and Robertson with a covering note of Oct. 30 from Walter K. Scott.

Relation to China (Chinese Nationalists and Chinese Communists) to the National Security Council at their meeting on Thursday, 28 October 1954.

2. General Ridgway and I will be present at the meeting with the Secretary of State. The Navy and Air Force will be represented by Admiral Duncan and General White, the Vice Chiefs of those services. General Shepherd of the Marine Corps will be present by my invitation, since I assume that the U.S. Marine Corps has an interest in matters of national policy which come before the Joint Chiefs of Staff.

3. At a meeting of the Joint Chiefs of Staff held this morning, the Secretary of State's report was discussed between the Chiefs and the Joint Strategic Survey Committee. It was decided that there was not time to draft and present to you and to the Secretary of State a formal JCS paper. It was further agreed that each service Chief or Acting Chief would be prepared to present to you and to the Secretary of State a memorandum which would be his individual and personal appraisal of the paper referred to above. The views of the JSSC will also be available.

4. For your information it was unanimously agreed by the Chiefs at their meeting this morning that a paper such as the one to be discussed this afternoon, which has such far reaching implications in regard to national policy, and hence on the military security of the United States which is the particular concern of the Joint Chiefs of Staff, should receive more deliberate consideration.

ARTHUR RADFORD

No. 368

Eisenhower Library, Whitman file, Miscellaneous Series, "Conferences on Formosa"

Memorandum of Conversation, by Colonel Andrew J. Goodpaster, Staff Secretary to the President

TOP SECRET — WASHINGTON, October 29, 1954—3:30 p.m.

Present:
The Secretary of State
The Under Secretary of Defense
Assistant Secretary Robertson
Mr. Douglas MacArthur
Mr. Robert Bowie
Admiral Radford
General Ridgway
General White
Admiral Duncan

General Shepherd
Colonel Goodpaster

1. Mr. Dulles stated the meeting's purpose was to hear views of the Joint Chiefs of Staff concerning the proposals for a security treaty with Formosa and for a UN resolution regarding off-shore islands. He started with a full chronological account and explanation of the development of these two proposals, including his initial discussions with the President in Denver, Secretary Robertson's conferences with the Generalissimo, Mr. Dulles' discussions with New Zealand and the United Kingdom, and extending to the present status of action. He stressed the need for a legal basis in treaty form to support any U.S. military action to defend Formosa, and cited the advantages of UN action with respect to the off-shore islands. Mr. Robertson indicated that while the Generalissimo's attitude during the conferences ended as one of reluctant, tentative concurrence, there are signs that he is becoming increasingly opposed to the proposals.

In the discussion by the Joint Chiefs of Staff, main points in substance as follows were raised:

A. Admiral Radford said the JCS have been using national policy papers as their starting point. Their premise has been that the U.S. would defend Formosa if attacked. If this is untrue, a most serious military situation is indicated, since Formosa is a key link in U.S. military plans and dispositions. The JCS have been basing dispositions on the statements as to vital areas in NSC papers, and if these are not valid, a dangerous situation exists. Mr. Dulles indicated that the reason why treaties are needed is to reduce this uncertainty. In the present case the treaty is to cover the Formosa "gap" in the designation of areas vital to the U.S.

B. Admiral Radford stated that if it were known that the U.S. would not support the Chinese Nationalists in defending the off-shore islands, the Communists could quickly seize them. Mr. Dulles considered that, when the threat first arose, world opinion would have opposed U.S. aid in the defense of the islands, but that by taking the question into the UN we place ourselves in position to reconsider the matter in the event of Chinese Communist defiance without so adverse an impact on world opinion.

C. Admiral Radford referred to the statement in the memorandum by the Secretary of State circulated at the NSC 28 October meeting, [1] that in the event of Communist action in defiance of the proposed UN resolution, the U.S. might then agree to the Chinese Nationals operating from Formosa as a base; there is no mention of the U.S. doing so. Mr. Dulles indicated that this implication was not intended, and that he was in agreement with adding a provision that perhaps the U.S. as well would operate from Formosa as a base in such circumstances.

[1] Document 365.

D. Admiral Duncan indicated that the actions proposed might remove a significant amount of pressure and doubt from the Chinese Communists as to U.S. intentions and actions in the area. He thought these actions would aid the Chinese Communists materially, and that they might well accept the UN resolution. General White supported Admiral Duncan's view as to removing Communist uncertainty. Mr. Dulles acknowledged these points, but cited the difficulty of keeping the enemy guessing in view of the policy we have in fact adopted concerning defense of the off-shore islands. He thought it might be better to "cover" this area with the mantle of the United Nations.

E. Admiral Duncan asked if the treaty could be placed in effect, dropping the resolution. Mr. Dulles stated the area covered could not be defined without making it known that the islands were outside it.

F. General Shepherd supported Admirals Radford and Duncan and indicated a view that the off-shore islands would probably be quickly lost to the Chinese Communists when they see that the U.S. would not support the Nationalists there.

Secretary Anderson indicated that even though there might be doubt about an adequate legal basis for defense of Formosa, the necessity for the President as Commander-in-Chief to protect the U.S. forces in the Far East, and their supply lines, might impel action if Formosa were attacked.

Secretary Dulles indicated that if Formosa were attacked in the near future, he would support the present orders to the Seventh Fleet, but stated that in proposing the treaty he was thinking of the long pull.

In closing, Secretary Dulles thanked the Joint Chiefs for their views. They had indicated that their views were not final or fully developed, because they had not had the essential information previously. Secretary Dulles agreed to provide copies of the proposals to the Chiefs. [2] Certain of the Chiefs left individual memoranda with the Secretary. [3] Also left was a statement by the Joint Strategic Survey Committee, [4] which had not been acted on by the JCS.

A. J. GOODPASTER
Colonel, CE, U S Army

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[2] Copies of documents pertaining to the proposed UN resolution were sent to Radford with a covering memorandum from Walter K. Scott on Nov. 1; see footnote 3, Document 336.

[3] The only such memorandum found in Department of State files is the memorandum *infra*.

[4] Document 370.

No. 369

611.93/10-2954

Memorandum by the Chairman of the Joint Chiefs of Staff (Radford)

TOP SECRET WASHINGTON, 29 October 1954.

Comments by Admiral Arthur Radford, U.S. Navy, Chairman of the U.S. Joint Chiefs of Staff on a Report by the Secretary of State on U.S. Policies in Relation to China.

1. In submitting my comments on the State Department paper on the Far East which was distributed at the meeting of the NSC held on 28 October 1954, [1] I am particularly conscious of the fact that the Joint Chiefs of Staff act as military advisers on matters of U.S. national policy. In other words, the Joint Chiefs of Staff have a duty to advise on U.S. national policy or on changes in U.S. national policy when in their opinion such policies have a military implication which is related to the military security of the United States.

2. The current basic national security policy as expressed in NSC 162/2 contains in paragraph 44 the following:

"44. a. Measures to impose pressures on the Soviet bloc should take into account the desirability of creating conditions which will induce the Soviet leadership to be more receptive to acceptable negotiated settlements.

b. Accordingly, the United States should take feasible political, economic, propaganda and covert measures designed to create and exploit troublesome problems for the USSR, impair Soviet relations with Communist China, complicate control in the satellites, and retard the growth of the military and economic potential of the Soviet bloc."

I feel that broadly speaking the State Department draft on Far Eastern policy will bring about a change in the above quoted national policy.

3. No one could take exception to a literal interpretation of the statement made in paragraph 2 on page 1 of the State Department paper, but it would appear that this paragraph if taken without further explanation is in reality a change in our national policy vis-à-vis the Communist threat.

4. In regard to the readjustment of national policies recommended on pages 4 to 7 of the basic paper, my comments are as follows:

[1] Document 365.

a. On the negotiation of a Mutual Security Treaty with the Chinese Nationalists. It is my opinion that there are many pros and cons to this question, but if the Chinese Nationalists prefer a Mutual Security Treaty to the present rather indefinite status, I would recommend that one be negotiated.

b. I assume that the conditions outlined in paragraph 2 on page 5 would be generally accepted by the Chinese Nationalists.

c. In regard to paragraph 3 on page 6, I feel that the action in the United Nations Security Council outlined herein should be undertaken only if such action is agreeable to the Chinese Nationalists and my reasoning in this instance stems from the fact that a disagreement with the Chinese Nationalists on this procedure might have serious effects on the status of Formosa and the U.S. position in the Far East generally. In other words, unless the Chinese Nationalists whole-heartedly agreed to this procedure we would be faced with the possibility of discussions in the U.N. which would indicate to the world at large a basic disagreement with the Chinese Nationalists of such magnitude as to seriously and further jeopardize the standing of the Chinese Nationalist regime before the rest of the world. If on the other hand, the National Security Council action proposed in this paragraph has as its ultimate aim the creation of a situation which will lay the groundwork for U.N. acceptance of U.S. or allied assistance to the Nationalist Chinese in holding the offshore islands, (as I understood this action was originally designed to do) then I would favor it. The last sentence in this paragraph seems to negate the President's statement in January 1953 in regard to the deneutralization of Formosa and certainly might be difficult to explain publicly.

5. In conclusion, I feel that the State Department paper on Far East policies which is the subject of these comments in reality involves grave and basic changes in our overall national policies vis-à-vis not only Communist China but the whole Communist bloc. If it is adopted as national policy, the military implications will be serious, particularly in the Far East. It is my opinion that we are laying the groundwork for the ultimate loss to Communism of our present allies in Formosa and of course the loss of that island as a link in our present security chain. Such a loss would be extremely serious from a military point of view. Our base in Okinawa would be outflanked and the Philippines would again be jeopardized by enemy strength on the island of Formosa.

6. The implications in the last part of the paper of a further relaxation of the trade embargo against Communist China are also serious from a military point of view. The build up of Chinese industrial strength, which is possible if the embargo is relaxed, is extremely serious. We should not lose sight of the fact that Japan would ultimately do a great deal of business with Communist China, and would inevitably be involved in closer relations with the Communist interests in the Far East. Any United States policy which involves the risk of loss of Japan to Communism, (I think

this paper lays the groundwork for such a situation in the future), is so inimical to U.S. interests in the Far East that it should receive most careful consideration. Japan is the real prize in the Far East for which the Communists are reaching. Should they obtain Japan, the United States would have little prospect or ability to hold any military position of strength in that part of the world.

7. In two places this paper indicates that the Chinese Nationalists might hold the offshore islands without U.S. military support. Attention is invited to the fact that the Joint Chiefs of Staff have unanimously agreed that the Chinese Nationalists could not hold the offshore islands without U.S. military support. Limiting U.S. support to matériel support is tantamount to setting the stage for the loss of those islands.

No. 370

611.93/10-2954

Memorandum by the Joint Strategic Survey Committee to the Joint Chiefs of Staff

TOP SECRET [WASHINGTON,] 29 October 1954.

UNITED STATES POLICIES IN RELATION TO CHINA (CHINATS AND CHICOMS)

References:

a. J.C.S. 1992/382
b. J.C.S. 2101/110
c. J.C.S. 2118/61 [1]

1. The comments contained in the following paragraphs are based upon a brief examination of the paper read by the Secretary of State at the NSC meeting on 28 October 1954.

2. Current U.S. policy applicable to Communist China and the Soviet bloc in general provides, in part, that the U.S.:

"Undertake selective, positive actions to eliminate Soviet-Communist control over any areas of the free world." (Subparagraph 43. c., NSC 162/2) . . . [2]

". . . take feasible political, economic, propaganda and covert measures designed to create and exploit troublesome problems for the USSR, impair Soviet relations with Communist China, complicate control in the satellites, and retard the growth of the military and economic potential of the Soviet bloc." (Subparagraph 44. b., NSC 162/2) . . .

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[1] None of the reference documents has been found in Department of State files.
[2] All ellipses are in the source text.

". . . seek, by means short of war to reduce the relative power position of Communist China in Asia." (Paragraph 4, NSC 166/1) . . .

3. As a general observation, it is considered that the proposals in the State paper are not in consonance with the foregoing provisions and if adopted would, in effect, fundamentally alter current U.S. policy.

4. Consummation of a security treaty in conjunction with the other actions proposed in the paper would, in effect, terminate the role of the ChiNats as a counter-revolutionary force. It would serve to restrict ChiNat military action solely to the defense of Formosa and the Pescadores and would remove from its forces any incentive deriving from the hope of a return to the mainland.

5. By limiting the application of the defense arrangements to the territory of Formosa and the Pescadores, there would be a strong implication that the ChiNat Government has no residual responsibility or authority with respect to the mainland—a tacit admission that the ChiNats could no longer lay claim to being the legitimate government of all China. This in turn could be construed as an acknowledgment that the Chinese Communist Government is the legitimate government of mainland China.

6. It is doubtful that any treaty embodying restrictions which would in effect deny the possibility of return to the Chinese mainland would be acceptable to the ChiNat Government.

7. If the paper is intended to be the submission of the Secretary of State pursuant to NSC action taken at the meeting on 18 August 1954, regarding NSC 5429/1, it is considered that it fails to provide the broad basis of an over-all policy with respect to Communist China or Formosa. Particularly lacking is any statement of objectives, either long or short range, which could serve as a guide in the application of the courses of action recommended.

No. 371

611.00/10–3054

Memorandum of Conversation, by the Counselor (MacArthur)

[Extracts]

TOP SECRET EYES ONLY [WASHINGTON,] October 30, 1954.

Participants: The President
Secretary of State
Under Secretary of State

Asst. Secretary of State—Mr. Merchant
Douglas MacArthur II—Counselor
Colonel Goodpaster

The following is a summary of the meeting [1] at the White House this morning:

. . . . . .

5. The Secretary made reference to his meeting with Deputy Secretary Anderson and the JCS yesterday and mentioned that some of the Chiefs did not seem to be at all familiar with the constitutional requirements relating to the employment of U.S. armed forces in hostilities. The President said Col. Goodpaster [2] had given him a report on the meeting yesterday from which it seemed clear that there was not complete understanding of the constitutional responsibilities of the President. The Secretary said he thought his briefing had helped to give the Chiefs a better understanding of this problem. The President then referred to the Secretary's discussion yesterday with the Chiefs and said that under the present circumstances if the Chinese Communists attacked Formosa he felt he should order the Seventh Fleet to intervene defensively between the Communists and Formosa. At the same time he would call an immediate session of Congress. This procedure from the constitutional standpoint, he felt, would be the best way at the present time, in the absence of a treaty, to meet a Chinese Communist attack. In other words, this would not permit our military authorities to retaliate against the Chinese mainland from Peking to Canton on the massive retaliation theory pending Congressional consideration of the matter. Our action until the Congress had considered this matter would be purely to defend Formosa from invasion by interposing U.S. forces between the Communist attacking forces and the Island.

. . . . . .

DOUGLAS MACARTHUR II

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[1] Several unrelated subjects were discussed at the meeting. Only that portion of the memorandum pertaining to China is printed here.

[2] Col. Andrew J. Goodpaster, Staff Secretary to the President.

No. 372

793.00/11-154

Memorandum of Conversation, by the Special Assistant to the President for National Security Affairs (Cutler) [1]

TOP SECRET
EYES ONLY

[WASHINGTON,] November 1, 1954—noon.

Present: The President, Wilson, J. F. Dulles, Anderson, Burgess, [2] Cutler, and Goodpaster [3]

1. . . . [4]

2. *Tachen Islands:* The ChinCom attacked last night one of the smaller islands, with 18 aircraft, and killed and wounded a dozen or so of the defending garrison. It is reported that an enemy convoy is being assembled north of a small Tachen Island, 20 thousand yards distant from the largest.

Wilson, Dulles, and Cutler assured the President that as the record now stood, there had not been a decision to use American forces for the defense of the Tachen Islands, that Chiang understood that the US would not defend, and was not obligated to defend any offshore islands, that US forces would fight back if attacked. While there are in the Tachen Islands some radar installations, useful for early warning, Dulles made the point that the Islands were not indispensable.

It was decided to deflect the *Wasp,* so as to obtain an aerial reconnaissance of the facts, probably to accelerate the meeting of the three carriers in the China Sea to November 4, not to push our forces in too close to the Tachens, on the basis of information derived from the reconnaissance to decide whether to have US surface vessels make a friendly visit (as heretofore), or to take some other course of action.

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[1] The source text is headed: "Meeting in the President's Office."

[2] Carter L. Burgess, Assistant Secretary of Defense for Manpower and Personnel.

[3] According to the President's appointment book, Wilson, Anderson, and Burgess met with the President at 11:30 a.m. for Wilson's "usual Monday appointment" and were joined at 12:15 p.m. by Dulles, Radford, Carney, and Cutler. (Eisenhower Library, White House Central files, "Daily Appointments, 1953–1961")

[4] Ellipsis in the source text.

No. 373

793.00/11-154

Memorandum of Conversation, by the Deputy Director of the Office of United Nations Political and Security Affairs (Bond) [1]

TOP SECRET [WASHINGTON,] November 1, 1954.

Subject: China item: Consultations with the United Kingdom and New Zealand

Participants: The Secretary
Mr. David Key, Assistant Secretary
Mr. Niles W. Bond, UN Political and Security Affairs
Sir Robert Scott, Minister of British Embassy
Mr. G. R. Laking, Minister of New Zealand Embassy

Sir Robert Scott and Mr. Laking came in today at the former's request to discuss with the Secretary recent developments affecting the subject item.

Sir Robert opened the meeting by stating that his Embassy, with the thought that the Secretary might wish to show the text of the New Zealand resolution to Chinese Nationalist Foreign Minister George Yeh, had telegraphed London to see if the Foreign Office had any additional changes to suggest in that text. He said that Sir Anthony Eden had replied in the negative, but had expressed the hope that if the resolution were to be shown to the Chinese Nationalists it would be made clear to them that the UK would not be finally committed to it until it had had a chance to see what form the proposed U.S. mutual defense treaty with the Republic of China would assume. The Secretary remarked in this connection that we had been running into difficulties in our discussions with the Chinese Nationalists, and that there had even been differences of opinion within our own Government concerning this exercise.

Sir Robert said that his Government was still troubled by the question of how the proposed course of action could be sold to Peiping, adding that the British Chargé d'Affaires in Peiping, Humphrey Trevelyan, had predicted a bitterly negative reaction from the Chinese Communists. Sir Robert then handed the Secretary a copy of Mr. Trevelyan's report (the text of which is attached). [2]

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[1] A note attached to the source text indicates that it was approved by the Secretary.

[2] The report, not dated, predicted that the Chinese Communists would not separate the offshore islands question from the question of Formosa; that they would interpret an announcement of a prospective U.S. mutual defense treaty with the Chinese Nationalists as notice that Formosa was to be permanently separated from the mainland; and that, under these circumstances, they would regard acceptance of

Continued

Sir Robert said his Government was awaiting with interest the results of Prime Minister Nehru's conversations in Peiping, [3] the purport of which was still not known in London. He added that Mr. Nehru was expected back on November 5, and that it was Sir Anthony Eden's thought that, subject to U.S. approval, it would be well to disclose to him at an early date the general outlines of our proposed exercise. He said that Sir Anthony believed that the Indian reaction would be strongly negative unless Nehru could be persuaded in advance of its advantages.

The Secretary, referring to Mr. Trevelyan's message, remarked that it might be that the intensity of the feeling of both Chinese Governments on this subject might make the whole operation unfeasible. He noted in this connection that opposition on the part of the Chinese Nationalists was mounting rather than otherwise, and that the more they thought about it the less they liked it. Referring to morning press reports of the Communist bombing of the Tachen islands, the Secretary said that this increased the urgency of the exercise and provided a new source of concern over the possible outcome of developments in that area. He said that he had talked this morning with the President and the Secretary of Defense and that the U.S. would probably take steps to provide additional logistical support to the Chinese garrisons on those islands.

Sir Robert then said that there would appear to have been at least a partial leak of the plans on which we had been working, as evidenced by a piece by Walter Winchell, the text of which Mr. Laking showed to the Secretary. The Secretary remarked that it was a pretty garbled version but that Winchell was obviously on the scent. Mr. Laking said that he was worried by Winchell's mention of Australia and New Zealand in this connection and that he believed Canberra and Wellington should be forewarned in the event questions should be asked. The Secretary indicated that he did not believe that we should allow Winchell's story to push us into making any statements which we did not wish to make.

Sir Robert said that the one specific point which he had been instructed to discuss with the Secretary was the desire of his Government, which he had mentioned earlier, to discuss the proposed mutual defense treaty and New Zealand resolution with Mr. Nehru as far in advance of any public announcement as possible. He said

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the New Zealand proposal as tantamount to acquiescence in such a separation. British support of the proposal, Trevelyan thought, would make the Chinese associate the United Kingdom with U.S. Formosa policy and give up all hope that the British might secure any modification in U.S. Far Eastern policy and Security Council action would not bring about an agreement on the islands and might increase tension in the area.

[3] Nehru had been in the People's Republic of China, Oct. 19–30.

that London felt that Mr. Nehru's visit might have been educational and that they were anxious to try to bring home to him the advantages of a course of action which might have the effect of steering us away from the alternative of war. He said the only specific information which the Foreign Office appeared to have received concerning that visit was that Pillai, who accompanied Mr. Nehru, had told Trevelyan in Peiping that Mr. Nehru had received the impression that Moscow and Peiping had arrived at an agreed point of view with respect to what should be done about Formosa, but that this point of view had not been disclosed to the Prime Minister.

The Secretary said that there was an element of timing involved here and that, unless events should necessitate emergency action on the part of the UN, he did not believe that we would be sufficiently sure of the Chinese Nationalist attitude to be able to proceed any further before the first of next week. He stated that the Nationalist attitude had deteriorated from one of reluctant acceptance to one of apparent unwillingness to go along with the plan, and added that it was possible they might even publicly denounce the whole scheme. The Secretary said, however, that U.S. relations with Nationalist China were so close that we could not proceed without having reached some accord with them on this subject. He said that he proposed to talk with George Yeh within the next day or so, but pointed out that it was only Chiang Kai-shek who would have final authority to decide the Nationalist Chinese attitude.

The Secretary then went on to say that our own Joint Chiefs of Staff were not very happy with the plan either. In response to Sir Robert's question as to what alternative there was, the Secretary said that this was exactly the question he had asked the Joint Chiefs. He said he feared that the U.S. might otherwise find itself involved in a war with Communist China, which it was our policy to avoid. Such a war, he said, would be easy to start but hard to finish. He added that it might be that such a war could not be avoided, but that it must not be we who precipitate it.

Sir Robert said that he was very much discouraged about the general prospect in the Far East, citing current difficulties in Korea and Indochina in addition to the explosive possibilities of the China situation. As indicative of the growing importance of the China question, Sir Robert said that Japanese Prime Minister Yoshida, during his talks with UK officials in London, had shown himself to be mainly concerned with the question of Japan's relations with mainland China, particularly with respect to trade.

Sir Robert said then that he would report to London that it might be next week before the U.S. Government would regard itself as sufficiently squared away to consider agreeing to talks

with Mr. Nehru. The Secretary indicated assent, but went on to say that he saw no harm in their discussing with Mr. Nehru the general situation in the Far East, which it must be apparent to everyone was becoming more aggravated, particularly with the reported attacks on Tachen. The Secretary concluded by saying that if the Chinese Communists persisted in their present aggressive tactics to the extent of trying to seize Formosa, there was no question but what they would have a war on their hands.

No. 374

793.00/11-154: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

SECRET PRIORITY TAIPEI, November 1, 1954—6 p.m.

318. Department pass CINCPACFLT and COMSEVENFLT. Taipei's 317. [1] Defense Minister told me today he considered Chinese Air Force must retaliate for today's Communist raid on Tachen where five killed and seven injured. He was expressing personal opinion as he had not seen President since raid occurred and remarked that as Minister he was not directing actual military operations.

I expressed hope General Chase would be kept fully informed and that if retaliation decided upon it would be appropriate to present occasion. He assured me on both points as far as he was concerned. Minister went on to say this Communist raid and unavoidable GRC retaliation probably would result in expansion of hostilities. I remarked this would depend in large part on Communist intentions and that after couple of exchanges situation might well quiet down again. He thought not although he did not want fighting to expand since GRC not ready.

Yu then asked me what Seventh Fleet would do about Tachen raid. Replied I did not know. He then urged Seventh Fleet at least put in appearance around Tachen with carriers. Minister saw no reason why they should become involved in fighting but such tangible evidence of US interest he considered best means of deterring Communists from expanding conflict.

RANKIN

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[1] Telegram 317 from Taipei, Nov. 1, reported a Chinese Communist bombing attack on the Tachen Islands. (793.00/11-154)

No. 375

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 221st Meeting of the National Security Council, Washington, November 2, 1954 [1]

TOP SECRET EYES ONLY

Present at the 221st Meeting of the Council were the President of the United States, presiding; the Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; the Director, Office of Defense Mobilization. Also present were Assistant Secretary Rose for the Secretary of the Treasury; the Director, Bureau of the Budget; the Deputy Secretary of Defense; Assistant Secretary Milton for the Secretary of the Army; the Acting Secretary of the Navy; the Chairman, Joint Chiefs of Staff; the Chief of Staff, U.S. Army; the Chief of Naval Operations; General White for the Chief of Staff, U.S. Air Force; the Commandant, U.S. Marine Corps; the Acting Director of Central Intelligence; Robert Cutler, Special Assistant to the President; the Assistant to the President; the Deputy Assistant to the President; Robert R. Bowie, Department of State; the White House Staff Secretary; Bryce Harlow, Administrative Assistant to the President; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the main points taken.

The Far East (NSC 5429/2; NSC 146/2; NSC 166/1; Memos for NSC from Executive Secretary, subject: "U.S. Objectives and Courses of Action with Respect to Formosa and the Chinese Nationalist Government", dated September 28 and October 5, 1954; NSC Actions Nos. 1224, 1228, 1233–c, 1234, 1235, and 1258) [2]

The Acting Director of Central Intelligence first commented on new railroad developments in Communist China, one linking central China with the Trans-Siberian, and the other eventually running from Lauchou to Alma Ata. Thereafter, General Cabell read to the members of the Council a CIA intelligence estimate, prepared without consultation with the Intelligence Advisory Committee, on the Communist and non-Communist reactions to the courses of action proposed by the Secretary of State in his report to the

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[1] Drafted by Gleason on Nov. 2.

[2] Regarding Lay's memoranda of Sept. 28 and Oct. 5, see footnote 5, Document 303, and footnote 1, Document 321, respectively. For NSC Action No. 1224, see footnote 9, Document 293. For NSC Action Nos. 1233, 1234, and 1235, see footnotes 7, 10, and 12, Document 322. For NSC Action No. 1258, see footnote 10, Document 364. For NSC Action No. 1228, see footnote 4, Document 302.

Council on October 28 (a UN resolution to maintain the *status quo* in the Nationalist-held offshore islands and a mutual defense treaty between the Chinese National Government and the Government of the United States). (A copy of this estimate is filed in the minutes of the meeting.) [3]

Thereafter, Mr. Cutler briefed the Council extensively on the Planning Board discussion of the proposals by the Secretary of State for seeking a UN resolution to maintain the *status quo* of the Nationalist-held offshore islands and for seeking to negotiate a mutual defense treaty between the Chinese National Government and the United States. (A copy of Mr. Cutler's brief is filed in the minutes of the meeting.) [4]

In the course of his briefing, Mr. Cutler was interrupted by the Secretary of State relative to the possibility that the Attorney General (who was not present at this meeting) might have doubts whether the President could legally act to commit U.S. forces to help repulse a Chinese Communist attack on Formosa without Congressional approval, even though the Senate had previously approved the mutual defense treaty. Secretary Dulles commented that in his opinion the President would have authority to act to commit U.S. forces if such action were necessary in order to preserve the vital interests of the United States. While it was desirable, continued Secretary Dulles, to bring Congress into the act, Congressional approval could not be made the *sine qua non* for protecting the national security of the United States.

After Mr. Cutler had completed the rest of his briefing, he suggested that the Secretary of State speak with respect to any further developments on the above two courses of action.

Secretary Dulles said that he had had only one additional thought with respect to these two courses of action—namely, that it might be desirable, in the text of the proposed mutual defense treaty with Formosa, to "fuzz up" to some extent the U.S. reaction with regard to a Chinese Communist attack on Formosa as such an attack would affect the Nationalist-held offshore islands. He read a paragraph to illustrate how this fuzzing up might be accomplished. According to this language the U.S. action specified in the treaty would not be specifically and explicitly limited to an attack on Formosa and the Pescadores, but would leave open to U.S. determination whether or not to construe an attack on the offshore islands as an attack on Formosa itself. The advantage of this fuzzing up

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[3] *Infra.* Not attached to the source text.

[4] Not attached to the source text; a copy, headed "Briefing Notes," and dated Nov. 1, is filed with Document 365. The brief summarized a number of questions which members of the Planning Board had raised with regard to Dulles' proposals. (PPS files, lot 65 D 101, "China")

would be to maintain doubt in the minds of the Communists as to how the U.S. would react to an attack on the offshore islands.

Mr. Cutler inquired of Secretary Dulles how he would expect to explain to the Senate what was really involved in the treaty if the issue was thus fuzzed up. Secretary Dulles replied that he could make quite clear to the Senate Foreign Relations Committee in an executive session precisely what was involved in the fuzzy language. Mr. Cutler then pointed out that in all probability Senator Knowland would try to push the Secretary of State, in such an executive session, to the point of agreeing that the United States should and would defend these offshore islands. On the other hand, the President expressed the opinion that the Senate Committee would probably accept the proposal as made by the Secretary of State relative to the content of the treaty. The President did caution, however, that the text of the treaty should indicate that the United States must act in accordance with its constitutional processes.

Mr. Cutler then inquired of Secretary Dulles whether there was any truth in recent reports that Chiang Kai-shek was showing himself "a little restive" toward the proposal for UN action to maintain the *status quo* on the offshore islands. Secretary Dulles not only stated that these reports appeared to be accurate, but went on to say that he was no longer sure how the Generalissimo would react to the proposal for the conclusion of a mutual defense treaty covering Formosa when we actually got down to negotiating such a treaty. Up to now, the Generalissimo had favored the idea of such a treaty.

Mr. Cutler said that this was at least understandable, since the proposal for a treaty in effect confronted the Generalissimo with the question whether to withdraw his troops from the offshore islands or to expose them to destruction at the hands of the Chinese Communists without much prospect of U.S. armed support. Secretary Dulles agreed that this, in essence, was the question that Chiang would have to face.

Turning to Admiral Radford, Secretary Dulles said he wished to put the following question to the Joint Chiefs of Staff: Would it be desirable for the United States, in connection with the proposed defensive treaty, to stipulate that the Generalissimo must maintain a certain proportion of his existing military forces on the island of Formosa? If we did not so stipulate, Chiang could "gut" his strength on Formosa by sending the bulk of his troops now stationed on Formosa to the offshore islands. As he understood it, said Secretary Dulles, approximately one-third of the Nationalist forces were already deployed on the offshore islands. If still more were

sent, this would place an undue burden on the United States in its task of defending Formosa against Chinese Communist attack.

Secretary Wilson expressed the opinion that the Generalissimo could not send many more troops to the offshore islands for the simple reason that there wasn't sufficient room for them. Indeed, he thought that if the proposed UN resolution went through, Chiang was likely to pull back forces from the offshore islands to Formosa.

Mr. Cutler inquired of Admiral Radford whether, in the last analysis, the successful defense of Formosa against Chinese Communist attack would not depend upon air power. With certain qualifications, Admiral Radford replied that in the long run air power would be decisive. On the other hand, if the United States guaranteed to defend Formosa in this mutual defense treaty, Chiang would be free to make use of a larger number of his own Nationalist troops to defend the off-shore islands. This he would tend to wish to do, despite the fact that he realizes in the long run that he would not be able to hold these off-shore islands without armed U.S. support. He would simply insist on putting up a good fight.

Secretary Dulles said that he had another document to supplement the intelligence estimate which General Cabell had read at the beginning of the meeting. This was a report which had been sent him yesterday from the British Embassy in Washington, giving the views of the British Chargé d'Affaires at Peiping, Mr. Trevelyan, with regard to the consequences for British relations with Communist China of British support for the two U.S. courses of action mentioned above.[5] In substance, Trevelyan warned against the danger for Sino-British relations of British support for these two proposed U.S. courses of action.

Secretary Wilson inquired whether we had put our resolution before the UN as yet. Secretary Dulles replied in the negative, but pointed out that the text of the resolution which would be presented had been agreed to by our friends in the UN. Sir Anthony Eden was not, however, willing to commit himself to the actual introduction of the resolution, and receipt of this estimate from Trevelyan would probably serve to cause the British to drag their feet still more.

Secretary Wilson then inquired what the United States would do if, once this resolution had been introduced into the UN, the Soviets countered it with a suggestion that the United Nations be given authority to make a disposition of the Nationalist-held offshore islands. Would the United States go along with this?

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[5] See footnote 2, Document 373.

Secretary Dulles replied that we would not go along with such a proposal, and that we were making every effort to limit the area comprised in the resolution.

Secretary Wilson went on to point out his view that the danger in this proceeding was that somehow Formosa would slip back into the possession of mainland China. If this could be done without a loss of U.S. face, it would be all right, since this is the solution we would have ultimately to acquiesce in.

Secretary Dulles pointed out that the basic fact with respect to the situation in the Nationalist-held offshore islands was that these islands could not be held against an all-out Chinese Communist assault short of involving the United States in general war with Communist China. The President observed that when we talk of general war with Communist China, what we mean is general war with the USSR also. Once this is made clear, the next question is, where does the U.S. want to launch an attack upon such an enemy coalition? The President said he was not sure, but almost certainly not in the area of the offshore islands. In any event, if the Soviets did not abide by their treaty with Communist China and go to war in support of their Chinese ally, the Soviet empire would quickly fall to pieces.

Secretary Dulles admitted the President's point, but said that on the other hand, the American experience in Korea plainly demonstrated the great difficulties inherent in limited war. Mr. Cutler pointed out that he had in mind something a little different from limited war along the Korean lines. It was rather the courses of action proposed by General Bradley when he was Chairman of the Joint Chiefs of Staff, on how best for the U.S. to meet a renewal of Communist aggression in Korea. Secretary Dulles replied that that was all very well, but that one thing leads to another, and after all, as General MacArthur had so emphatically stated, victory is the only proper objective in war. Nevertheless, said Mr. Cutler, he questioned whether all-out war and victory was the right answer to armed aggression in the kind of world we lived in at this moment.

Secretary Wilson added that he was at least sure of one thing, and that was that there was no sense in going to general war over these small islands.

Mr. Cutler then asked whether we could not now hear the views of Admiral Radford and the Chiefs of Staff. Admiral Radford asked what views Mr. Cutler wanted to hear, and pointed out that it was quite difficult to know where to start. Admiral Radford then said that the Chiefs had been in complete agreement throughout the course of the whole last year on at least one major point—namely, that if you look at our position in the Far East on a piecemeal basis, you don't get very far towards a profitable discussion. The

Chiefs unanimously believed that our first task was to decide on the best over-all position for the United States vis-à-vis the Far East. They were very much concerned that our total military position in the Far East not be weakened. This chiefly meant that we should retain Japan and the off-shore island chain, of which, of course, Formosa was a part. Admiral Radford went on to emphasize that the attitude of the Joint Chiefs of Staff on retaining Formosa was not altruistic, but based solidly on the security interests of the United States. The two new moves proposed by the Secretary of State, he continued, involved intangibles the impact of which was very difficult to estimate. Nevertheless, the Chiefs continued to be split on the question of committing U.S. armed forces to defend the Nationalist-held offshore islands. Moreover, the Chiefs had not discussed the proposed mutual defense treaty with Formosa until last Friday morning (October 29), and they had therefore had no time to send forward a formal paper containing their views. At the Council meeting on the prior Thursday (October 28) the other Chiefs of Staff (who actually knew less about developments than he himself) had realized for the first time that the President had authorized the conclusion of a mutual defense treaty with Formosa if necessary. So, in a sense, concluded Admiral Radford, the Chiefs found themselves discussing something which had already been agreed upon. Nevertheless, there was still great concern in the minds of the Chiefs of Staff that the two policies originally proposed by the Secretary of State may eventuate in the total disintegration of the Chinese National Government on Formosa. From the military point of view such a development would jeopardize the entire U.S. military position in the Far East.

When he finished his comments, Admiral Radford suggested that the individual Chiefs of Staff be called upon to offer their own comments. He asked General Ridgway to speak first.

General Ridgway said that he had no specific comments to make at the present time, since a longer interval was needed to study the problem. However, he did agree, he said, with the remarks just made by Admiral Radford.

Admiral Carney said likewise that Admiral Radford had summed up his own views, except that he would like to stress the usefulness of these offshore islands in the cold war. Perhaps these islands were not vital to our national security, but they are none the less important. To relinquish them would have a profoundly adverse effect on our military position.

The President said that he was inclined to agree with the position taken by Admiral Radford and the other Chiefs with respect to the loss of Formosa. The word "jeopardize" was correct in describing the effect of its loss. The President observed that certain

people, back in 1952, had argued that to lose Formosa would be disastrous and decisive for the U.S. position in the Pacific. Indeed, they said it would be only a little less serious than the loss of Japan, and might force us to run out of the Pacific. The President disagreed with these statements. While the loss of Formosa would certainly be serious, it would not be so serious as the loss of Japan or the Philippines.

Asked for his opinion, General White said he merely wished to add, from the point of view of the Air Force, that these offshore islands were important adjuncts to air defense.

General Shepherd said he just wanted to point out that the loss of these offshore islands would represent one more step in giving in to the Communists.

Mr. Cutler summed up the foregoing recital of the views of the individual Chiefs of Staff by saying that they amounted to a JCS position that the offshore islands should be included within the cover to be provided by the mutual defense treaty between the United States and the Chinese National Government. However, Mr. Cutler said he presumed that the President had decided this particular issue at the Denver meeting when he had indicated that the United States would not use its armed forces to defend these islands against Chinese Communist attack.

Secretary Dulles agreed with Mr. Cutler that the decision reached at the Denver meeting was still valid. Secretary Dulles pointed out that public opinion throughout the free world would be against the United States if we went to war with Communist China over these offshore islands. The effect in Japan would be extremely bad. In short, if one paid any attention to the repercussions outside the immediate area concerned, it was plain that the price we would have to pay to defend the islands was too high. The Chinese Communists would win the sympathy of all our allies, and there would be devastating repercussions both in Europe and in Japan. On the other hand, continued Secretary Dulles, as far as holding Formosa and the Pescadores (as opposed to the offshore islands) was concerned, he had no reservations whatsoever. Moreover, he believed Formosa and the Pescadores could be securely held by such a treaty of mutual defense as he was advocating. Essentially we were facing the same predicament in Formosa as we were facing in South Korea. Both Rhee and Chiang want to take the offensive against Communist China. The Chinese Nationalist Foreign Minister, George Yeh, had informed him repeatedly that there was no real hope for the future of the Chinese National Government in the absence of general war. Moreover, what was going to hold and save Formosa was not any local military power in and around the

island, but rather the deterrent power represented by the massive retaliatory capacity of the United States.

Mr. Cutler said that he judged that Secretary Dulles did not share Admiral Radford's feeling that the UN resolution and the mutual defense treaty would have a serious effect on the morale of the Chinese Nationalists and might result in the dissolution of the Formosa government. Secretary Dulles replied that the carrying out of these two policies might indeed result in a loss of Chinese Nationalist morale; but that such a loss would not be fatal to the United States because the true defense of Formosa really depended on the United States rather than on the Nationalist forces.

In support of the position taken by Secretary Dulles with regard to the effect on world opinion if the United States went to war with Communist China over the offshore islands, the President warned the members of the Council not for one minute to overlook the effect of such a move on U.S. public opinion. The people of the United States won't go to war for "captious reasons", and the Council would do well to remember this.

The President then speculated on the type of war we might have to undertake if the Chinese Communists did attack Formosa itself. It might so happen that they would concentrate their forces in such a way that the United States would be in a position to deliver a massive attack on the Communist forces with such effect that we could sit back for a couple of years without necessarily following up our blow.

Governor Stassen pointed out that if the objective we sought was simply to stabilize the situation in this sore-point area and to avoid general war with Communist China, would not this objective be better served by avoiding all fuzziness and making our position vis-à-vis the offshore islands perfectly clear? Such a clarification would also better serve the President with respect to his relations with the Congress. Such a clarification of our attitude might prove worthwhile even if it were to cause Chiang Kai-shek to remove some of his troops from the offshore islands where they were now based. After all, we should not permit Chiang to station his forces where we know we do not propose to assist him if his troops in these exposed spots are attacked. In fact, said Governor Stassen, we should examine the possibility of extending this clarification policy to include a range of other matters over and above the offshore islands, such as the embargo on trade between the West and Communist China, et cetera. Dr. Flemming asked Governor Stassen if he would exclude the offshore islands from the U.S. defense perimeter. Governor Stassen replied in the affirmative, provided the UN so desired and determined.

In reply to Governor Stassen's proposal for extending the clarification process, Secretary Dulles pointed out the extreme delicacy of the negotiations which would be undertaken on behalf of the defensive treaty and the UN resolution. If, in addition to trying to settle these two difficult matters, we added a number of other issues to be settled with the Chinese Nationalists all at once, the effect on the morale of the Nationalist Government might well prove shattering. Secretary Dulles said he much preferred to deal with these issues, therefore, one at a time.

Secretary Wilson said that it didn't seem to him to make much difference, because where else could Chiang go other than Formosa? The President quickly pointed out that the Generalissimo could quit us cold and renounce Formosa itself if pushed too far.

Secretary Dulles then summarized his position by stating that his main objection to "getting sucked into the offshore islands" was the isolated position into which this would put the United States. Our enemies would have the backing of world opinion, and there would even be a serious division in domestic U.S. opinion. On the other hand, the situation could of course change, and if it should come to pass that the rest of the free world came to regard the defense of these offshore islands as right and proper, then the United States might decide to take a different position regarding them. We needed flexibility in our policies in order to be ready to meet such eventualities. Meanwhile, continued Secretary Dulles, going back to an earlier point, he hoped that in our discussion with the Chinese Nationalists on the defense treaty, we could include something which would prevent the Chinese Nationalists from sending more troops and more matériel to these offshore islands. He asked Admiral Radford if the United States were in a position to prevent Chiang from increasing the garrisons on these islands.

Admiral Radford explained once again, as he had at an earlier Council meeting, our military assistance to the garrisons on the offshore islands and how, lately at any rate, the Chinese Nationalists had not indicated a desire to reinforce their offshore island garrisons except in the case of the Tachens. Secretary Wilson asked whether this strengthening of the Tachens had not been done at the request of the United States. Admiral Radford replied in the affirmative.

Dr. Flemming quoted paragraph 1-a of the U.S. courses of action vis-à-vis Communist China contained in NSC 5429/2, which read in part: "Reduce the power of Communist China in Asia even at the risk of but without deliberately provoking war, etc.". Dr. Flemming said that this still seemed to him the best position for the United States to take toward Communist China, and he assumed that it was still valid policy. Mr. Cutler reminded Dr. Flemming that

when the Council adopted NSC 5429/2 the section on Communist China from which Dr. Flemming had quoted had not been given final approval. The Secretary of State had not expressed his agreement to this section of the paper, and still had the question of our policy toward Communist China under review. Dr. Flemming said that he understood this, but was sure that at the Denver meeting there had been a general consensus in favor of the policy outlined in this paragraph.

Mr. Cutler said he thought this too strong a way to state the case, and that our actual policy was more accurately expressed in NSC 166/1, paragraph 4, which read in part: "In the absence of further Chinese Communist aggression or a basic change in the situation, the policy of the United States toward Communist China should currently be to seek, by means short of war, to reduce the relative power position of Communist China in Asia, etc.". Secretary Dulles expressed agreement with Mr. Cutler's contention.

Secretary Wilson said that as far as this business of the UN resolution was concerned, he could not conceive of the United Nations bothering itself with the Nationalist-held offshore islands. Indeed, it would be very difficult to expect the UN to do other than offer the U.S. a face-saver to cover the return of these islands to the Chinese Communists.

The President agreed that it was pretty hard to see any other way out, what with these islands being so small and so very close to the Chinese mainland. Enlarging on his argument, the President said that what we were at present doing was watching a situation develop day by day in Communist China. The latest development was the huge Chinese population revealed by the publication yesterday of the census figures for China. [6] The world would be hard put to it to defend these islands against so huge a country. At the present moment we might be able to use the situation in these islands to better our power position in the Far East; but over the long haul our great problem in defending these islands would be presented by our own American Constitution. Accordingly, about all we could do in this matter of the islands was to keep talking about the situation in the National Security Council as we were doing today, and trust to our negotiator (Secretary Dulles) to do the best he could. Certainly the Council could not lay down a hard and fast course for him to follow. The President said that of course he was willing to go to any lengths to defend the vital interests of the United States. But as soon as you attempted to define what these

[6] The Nov. 2 *New York Times* reported that the National Bureau of Statistics in Peking had announced the previous day that the population of the Chinese mainland was 582,603,417.

vital interests were, you got into an argument. By and large, it was better to accept some loss of face in the world than to go to general war in the defense of these small islands.

Secretary Dulles then warned that the odds were in fact less than even that the United States would be able to carry to a successful conclusion the two policies that he had outlined, viz., the UN resolution and the mutual defense treaty with Formosa, in view of the growing British attitude of doubt, and in view of the likelihood that the Chinese Nationalists would oppose these two policies. This left no other recourse than for the United States to "probe and probe" in order to discover the best way out. Somehow or other we must make clear to the United States and to the whole world that we are not going to permit Formosa and the Pescadores to fall into hostile hands even if we must risk war to prevent this. Furthermore, we must tidy up our constitutional position at home so that the President can go promptly to the defense of Formosa and the Pescadores if they are attacked. The situation there simply did not lend itself at the moment to a comprehensive and clearcut solution. The only recourse, therefore, was to probe and explore this situation.

The President commented that if he saw a massive Chinese Communist attack developing, he would act at once and thereafter put his actions up to Congress for its judgment, even if this were to risk his impeachment.

Secretary Wilson said that if the UN resolution for the islands became too difficult, we should seek other alternatives. The Director of the Budget [7] expressed the strong conviction that U.S. public opinion would never in the world support a decision by the United Nations that the offshore islands should be defended against Communist attack by use of U.S. armed forces. The President commented that to judge from the flow of letters and communications to the White House, all the pressure was on the side of peace, peace, peace.

Secretary Dulles thought it worth while to point out that the present Administration is trying to do something that had never been tried by any prior Administration. We are trying to get the American public to realize that you do not always actually secure peace by simply being a pacifist and talking peace. In the past, after the conclusion of wars in which we were involved, we have destroyed the military establishment we built up in the course of the war and then turned round and called for peace and disarmament. Secretary Dulles cited examples from past history. Now we were trying to educate people to face the fact that we need a strong

[7] Rowland R. Hughes, Director of the Bureau of the Budget.

military establishment if we hope to maintain the peace. It was a difficult and novel thing to most people to realize that the will and ability to fight for vital things is really indispensable to the maintenance of peace.

Secretary Wilson commented that the other side of the medal was that we ought not to rattle the saber. The President asked the Council if they realized that no further back than June 1933—not so terribly long ago—the United States of America had an army of 118,750 men, including the Air Force. We now had armed forces of about 3,500,000.

Mr. Cutler said that he failed to detect from the Council's discussion any disposition to depart from the course of action with respect to the UN resolution and the mutual defense treaty agreed to at the previous meeting of the NSC. Accordingly, he presumed that these policies were reaffirmed. Nevertheless, he went on to point out that he was disturbed by the several conflicts in our existing policy papers on the Far East, and asked Secretary Dulles if it would not be desirable for the Planning Board to undertake a new paper which would sketch the broad principles and policy of the United States vis-à-vis the Far East. Secretary Dulles replied that he thought this would be a very desirable job for the Planning Board, although it would be a very tough one, and the Planning Board would have his sympathy. It was hard to find any element of fixity in such a fluid situation as confronted us in the Far East. Nevertheless, it was one of the great advantages of a democratic government that our policies could have flexibility, whereas the totalitarian government of the Soviet Union required fixity of position.

Noting that the Japanese Prime Minister would be coming to Washington next week, [8] Secretary Dulles said that the new Planning Board paper should take account of Japan, that great prize in the Far East, and that the paper should also take account of the impact on Europe of policies of the United States in the Far East. Governor Stassen recommended that the new paper also include the problem of U.S. trade policies toward Communist China. Secretary Dulles said we need not worry about that, for trade policies with Communist China would certainly be raised by Prime Minister Yoshida when he reached Washington. The Japanese were currently expecting more from a revival of trade with Communist China than they would actually ever get.

The President spoke with some warmth on the necessity of our doing something to improve Japan's trading position in the Far

[8] Japanese Prime Minister Shigeru Yoshida visited Washington Nov. 8–13.

East. We cannot, he insisted, expect the Japanese to go on the way they are now going.

[Here follows a brief discussion pertaining to Indochina.]

The National Security Council: [9]

a. Noted an oral briefing by the Acting Director of Central Intelligence with respect to new railroad construction in Communist China.

b. Continued discussion of further aspects of the subject, including views of the Chairman and the members of the Joint Chiefs of Staff and of the Acting Director of Central Intelligence, as orally expressed at the meeting, on the report by the Secretary of State on U.S. policies and relations to China (Chinese Nationalists and Chinese Communists) distributed at the 220th meeting of the Council.

c. Reaffirmed NSC Action No. 1258–c, after consideration of the above-mentioned views of the Chairman and the members of the Joint Chiefs of Staff and of the Acting Director of Central Intelligence.

d. Directed the NSC Planning Board to prepare, for early Council consideration, a broad restatement of U.S. policy toward the Far East, including controls on trade with Communist China, in the light of the above discussion, recent decisions, and the existing situation.

e. Noted that the President is appointing General J. Lawton Collins as the Special Representative of the United States in charge of all U.S. activities in Free Vietnam.

Note: The action in c above subsequently transmitted to the Secretary of State.

S. EVERETT GLEASON

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[9] The lettered subparagraphs constitute NSC Action No. 1259. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the National Security Council, 1954")

No. 376

PPS files, lot 65 D 101, "China"

Memorandum by the Acting Director of Central Intelligence (Cabell) to the National Security Council [1]

TOP SECRET WASHINGTON, November 2, 1954.

Subject: Reactions to US Courses of Action with Respect to Nationalist China (as described in paras. 1–3, pp. 4–7, of memorandum considered by the Council on 28 October)

There follows an estimate of Communist and non-Communist reactions to certain proposed US courses of action with respect to Nationalist China. Pursuant to conversations between the Secretary and Under Secretary of State and the Director, this estimate has been prepared within CIA *without* consultation with the members of the Intelligence Advisory Committee.

Assumptions

1. The Mutual Defense Treaty will be negotiated regardless of UN Security Council action on the off-shore islands.

2. The US intent to negotiate a Mutual Defense Treaty with Nationalist China will be announced before or simultaneously with the introduction of the resolution in the Security Council.

3. The Nationalist government has given its approval to the Security Council resolution and the geographic limitations inherent in the Defense Treaty.

Estimate

I. UN Action on the Resolution

1. Most non-Communist countries would probably approve of the proposal that the UN be seized of the problem of the off-shore islands.

2. The Chinese Communists feel strongly that the off-shore islands are an integral part of Peiping's territory and would be reluctant to have the question of their disposition dealt with by the UN. Nevertheless, we believe that the USSR will not veto the Resolution out of hand, though this may result in some strain in Sino-Soviet relations. Rather we believe the USSR will introduce or support expansion of the Resolution to provide for an immediate or eventual territorial settlement covering the off-shore islands and possibly Formosa as well. Unless the Resolution is changed to cover such a settlement for the islands, the USSR will almost certainly exercise its veto. If the Resolution were to cover a settlement for

[1] Filed with Document 365.

the off-shore islands but not for Formosa, we believe the chances of a Soviet veto would be substantial but less than even.

II. The Communist Reaction

3. Communist China and the USSR would vigorously denounce the Treaty. Although we believe that the Communists will maintain their basic objective of gaining control over Formosa, they would probably attempt to obtain control through subversion rather than through military action. As for the UN Resolution, we do not believe that either its adoption or rejection will significantly affect Communist policy toward Formosa.

4. We believe that the Chinese Communists would not attack the off-shore islands while the Resolution was pending, provided that the period of discussion did not exceed, say, 30 days. They would be deterred from such action by fear of a strong adverse worldwide reaction and by uncertainty as to US reaction. Thereafter:

a. If a resolution were adopted covering territorial settlement for the islands, we believe that, although the Chinese Communists would continue minor harassments, they would probably not take courses of action that clearly contravened the spirit of the resolution.

b. In the unlikely event that a resolution were adopted not covering a territorial settlement for the islands, we believe that the chances of Chinese Communist breach of the resolution would be increased.

c. If no resolution were adopted and if the Communists came to believe that the US would not support the defense of the islands with its own forces, the Chinese Communists would, sooner or later, assault the off-shore islands which cannot be successfully defended by Chinese Nationalist forces alone. * The USSR might, for a period of several months at least, try to persuade the Chinese Communists not to take such action. However, unless the Chinese Communists were convinced that the US would participate in defense of the islands, they would probably proceed to attack them.

5. The Chinese Communists would probably estimate that the Treaty (with or without the Resolution) did not significantly alter the balance of power situation in the Formosa area. Hence the Treaty would be unlikely to bring about a major redeployment of their armed forces or any significant change in their courses of action elsewhere in Asia.

III. Non-Communist Reaction

6. The non-Communist world would generally receive the Treaty with qualified approval. Although most peoples and governments have little sympathy with the Chiang regime, and would regret the

* This estimate was made in SNIE 100–4/1–54, "The Situation With Respect to the Nationalist Occupied Islands off the Coast of Mainland China", published 10 September 1954. [Footnote in the source text.]

formal perpetuation of the US commitment, approval will be generally forthcoming, if the defensive character of the Treaty and particularly the restraints on Chinese Nationalist action can be well established. In these circumstances, the Treaty, together with US support of UN action on the off-shore islands, will be regarded as a welcome indication that the US is not bent on policies involving considerable risk of war. It will seem a contribution to the current relaxation of East-West tensions.

7. To South Korea, the new US policy will be unwelcome because it will indicate an end of the chances of strong US pressure on Communist China. To India, on the other hand, the Treaty with Chiang will appear as further evidence of US imperialistic interference in Asian affairs. Non-Communist Southeast Asia might interpret the restraints on the Nationalists as indicating a weakening of US determination to resist Communism, but we believe that the importance of this factor would depend primarily on subsequent US policies in this area.

8. The Overseas Chinese have been increasingly looking to the Communist Chinese rather than the Nationalists as the effective power in China. The Treaty would tend to increase this trend. However, whether the Overseas Chinese become an increasing source of instability will depend far more on the policy of the local governments toward them.

9. By virtually ending the possibility of Chiang's "return to the mainland", the Treaty would tend to undermine the guiding principle and the chief inspiration of Chiang's regime. Readjustment would be difficult. Possibilities for Communist subversion on Formosa would be increased. Developments on the island would depend greatly on the nature of US policy toward the Formosa government under the new circumstances.

C. P. CABELL
Lieutenant General, USAF

No. 377

793.00/11-254

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy)

TOP SECRET
LIMITED DISTRIBUTION

[WASHINGTON], November 2, 1954.

Subject: Proposed Mutual Security Pact; Prospective New Zealand UN Resolution

Participants: Dr. George Yeh, Chinese Foreign Minister

Ambassador Koo
Secretary Dulles
Assistant Secretary Robertson
Mr. Phleger, Legal Adviser
Mr. McConaughy, Chinese Affairs

Foreign Minister Yeh said that he has been engaged at the UN in New York for the past few days in working on problems created by the introduction of the "piracy" and "aggression" charges by the Soviet Union. [1] He said that his Government would have to object to the Soviet complaint of U.S. "aggression" in the Far East, although he understood that the U.S. Delegation would not oppose inscription.

The Secretary said that he supposed we would have to take turns defending each other.

In response to a question from Dr. Yeh, the Secretary said he understood the New Zealanders were holding their proposed resolution in suspense for the time being. The Secretary thought that the bombing of the Tachen Islands on November 1 might tend to accelerate action in the UN on the question of hostilities in the general area. If the initiative were not taken by New Zealand, some other country might make a move.

Yeh said that he feared "the cat was already out of the bag" in reference to the New Zealand resolution. He understood that Walter Winchell had said over TV on Sunday night October 31st that the U.S. would support an Australian or New Zealand resolution which would call for a cessation of hostilities around Formosa. He said that a correspondent had put a question along this line to him at the UN headquarters yesterday. The correspondent seemed to have the particulars fairly straight. The correspondent referred to the alleged deal as "a sort of Panmunjom business". Yeh said he told the reporter that this was all news to him. He could not comment. Nothing of the sort had been brought to his attention.

Dr. Yeh inquired if the Secretary was ready to get down to a discussion of a bilateral defense treaty. He hoped that it might now be possible to discuss the rudiments—the basic principles—of such a treaty, unless the Secretary felt he needed more time to consider the matter.

The Secretary said he was ready to begin discussions. He had given the matter much thought since it was first broached by Amb. Koo nearly a year ago. He had expressed some doubts then as to the wisdom of a treaty, because it would have to be limited to Formosa and the Pescadores. It would be undesirable to exclude other

[1] See footnote 3, Document 317, and footnote 2, Document 347.

Chinese territory in a formal document but it would be unavoidable. A Treaty, if concluded, would be substituted for the Executive Order to the 7th Fleet. In some respects it was better to transform the 7th Fleet Directive into a formal treaty commitment. The Department had no objection in principle to proceeding with treaty negotiations if that was the desire of the Chinese Government. The Secretary said that he and his associates had been experimenting with the use of the U.S. Mutual Defense Treaty of 1952 with the Philippines [2] as a basis. He showed Dr. Yeh and Ambassador Koo marked up copies of the text of the Philippine Treaty indicating contemplated changes to make it fit the China situation. He said that he had not yet completed his consultations with members of the Senate Foreign Relations Committee. Presumably all would be back for the Special Senate Session next Monday, Nov. 8. He was quite prepared to start preliminary negotiations now along the lines which had been indicated. This was assuming the Chinese Government wished to go ahead as the Generalissimo had indicated to him last September and to Mr. Robertson in October.

The Secretary explained that he was proposing the following changes in the language of the Philippine Treaty:

In the Preamble—delete the word "historic" in paragraph 2, and strike out the final substantive paragraph.

In Article III—strike out the last clause, ending the Article with "regarding the implementation of this Treaty".

In Article IV—substitute "on Formosa or the Pescadores" for "in the Pacific area on either of the Parties".

Strike out Article V altogether and substitute a new Article V as follows:

> "The Republic of China grants to the United States of America the right to dispose such United States land, air and sea forces in and about Formosa and the Pescadores as may be required for their defense, as determined by mutual agreement."

Article VII—substitute "Republic of China" for "Republic of the Philippines", and "Taipei" for "Manila" at the end of the paragraph.

The Secretary recalled that there was ample precedent for limiting the territory to be protected by a defense treaty. He cited the North Atlantic Treaty Organization, [3] where not all the territories of the signatories were included, and the Manila Pact as to Southeast Asia, where, for instance, Hong Kong was not included.

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[2] The text of the treaty, signed at Washington on Aug. 30, 1951, is in 3 UST (pt. 3) 3947; TIAS 2529.

[3] For the text of the North Atlantic Treaty, signed at Washington on Apr. 4, 1949, see 4 Bevans 828; TIAS 1964.

Amb. Koo asked if there had not been some sort of agreement supplemental to the Defense Treaty with the Philippines?

Secretary Dulles said that there had been something in the nature of implementation of Art. III. It amounted to nothing more than an arrangement for more elaborate consultation. [4] The Filipinos had wanted something a little more detailed in reference to consultation, particularly since more formal procedures were set up in the Security treaty between the U.S., Australia, and New Zealand. They had mentioned a Council, but the U.S. had taken the position that no Council was appropriate unless there were three or more parties. The implementation of Article III consisted of nothing more than a "dressing up" of the provisions of the treaty. It was pure scenery, without any additional substance. There was no new commitment or enlargement of the Treaty commitment. It was just a new costume, a little more tinsel on the tree.

Dr. Yeh said that he would like to study the U.S. treaty proposal for one or two days. He said that Amb. Koo would want to talk with Mr. Robertson about the treaty ideas held by the Chinese Government. As to substance, the Chinese ideas ran very much along the same lines as the U.S. Government's.

Secretary Dulles said that he thought it was important to make it clear to all that the U.S. regarded Formosa and the Pescadores as an integral part of the chain off the Mainland of Asia which the U.S. considers important to its security. The chain runs from the Aleutians through the Japanese Islands, South Korea, the Ryukyus, Formosa, the Philippines, part of Southeast Asia, Australia and New Zealand. This is an area the U.S. regards as so vital, it would fight to protect it from hostile occupation. Although the U.S. would of course be guided by the advice of its responsible military leaders, it could be assumed that the U.S. would not be likely to limit itself in case of attack to a static defense. The U.S. would be disposed to strike back at the source of aggression. The Secretary said that the Republic of China in the U.S. view stood in the same position as the other Governments of the area included in this chain. The proposed treaty would extend protection to Formosa and the Pescadores, but not the off-shore islands which would remain in the same status that they now have. He still thought that UN action to deter attacks against the off-shore islands would be useful. The U.S. military experts believe that it would not be possible to defend the offshore islands without taking measures against the Mainland which would entail the risk of general war

[4] The arrangement under reference was agreed upon in the summer of 1954; documentation is scheduled for publication in volume XII, Part 2.

with Communist China. The U.S. for its part is not prepared to engage in actions at this time which might lead to general war with Communist China. If the Chinese Communists can be put in the position of again defying the UN, there would be a much better chance of enlisting worldwide sympathy and support for the cause of Nationalist China.

The Secretary said he thought it was unnecessary for him to reaffirm that there is no ulterior motive on the part of the U.S. in supporting the New Zealand proposal. "We are dedicated almost as fully as you to the proposition that Formosa must never be permitted to fall into hostile hands." The U.S. has a deep sense of loyalty to the Chinese Government as a staunch ally which has suffered much. The U.S. Government does not exclude the possibility—perhaps even the probability—that the Chinese Communist regime will suffer vicissitudes which could result in its collapse or disintegration, or a split-up following a revolt. Rival factions in the regime might turn against each other. Hence, the U.S. must follow a policy of opportunism. The U.S. would be prepared to play a part in hastening the process of disintegration when the right time comes, but it is important not to move prematurely. We must await a propitious moment for action when such action would not be likely to provoke war with the Soviet Union. The U.S. would have to accept war if the Soviet Union starts hostilities, but the U.S. must not incite it. Subject to the necessary congressional authorization, the U.S. is prepared to proceed now with a defensive treaty covering Formosa and the Pescadores.

Dr. Yeh said that his Government was under no illusion that it now had the capacity to undertake a Mainland adventure. At present his Government was concentrating on a build-up of its armed forces, stabilization of its economy, and certain basic political reforms on the island. At the same time the Secretary would understand why Chinese must object to any treaty, agreement or resolution which would have implications or connotations tending to confine Free China to the island of Formosa forever. Any agreement or resolution affecting Free China must be pinpointed so as to avoid this connotation. Even without a UN resolution world opinion might swing in favor of the Republic of China if the Communists keep on attacking free China territory. If a UN resolution is introduced, the Communists would be able to exploit it. Their exploitation would not only be harmful to his Government but might boomerang on the U.S. Government.

Mr. Robertson said that our UN Delegation has counted the votes and is confident that it can maintain control of the resolution. It is very doubtful if the resolution would ever come to a vote. The odds are all in favor of contemptuous rejection by the Commu-

nist side. The Communists violently rejected the authority of the UN in Korea. They would have to take an even stronger position against recognition of UN authority as to the off-shore Chinese islands, which they consider an integral part of China and an internal domestic question. It is inconceivable that they could agree that Chinese territory is subject to the adjudication and jurisdiction of the UN. It is difficult to understand why the Chinese Government does not see it this way.

Dr. Yeh said he agreed up to a point. But the wording of the New Zealand resolution as he understood it was undesirable in some respects. The effect of the resolution was wider than the U.S. intended.

Mr. Robertson felt that in any event the Chinese Government would be in a stronger moral position after the resolution was introduced.

The Secretary said that it would be an excellent thing if we could live without taking any chances. Unfortunately we must all take a certain number of chances—certainly including the Republic of China. He thought the odds in favor of the New Zealand resolution turning out well were at least 10 to 1 and maybe 50 to 1. It would be a good thing if we could eliminate even that one adverse chance. Since we could not, the slight risk was well worth taking.

The Secretary said that the formulation of the New Zealand resolution had been subject to U.S. influence. The origin of the general idea could be traced to many quarters. But the specific approach was in accordance with U.S. ideas. The U.S. had recommended and would agree only to a limited formulation. We could not control discussion and debate of course, but we felt confident that we could control the substance of the resolution. The resolution would tend to tie the Communists down. With effective control by us all along the line, tremendous improvement in the situation of the Chinese Government could be anticipated. It was almost certain the outlook would be much better than it would be if we had to contend with the sort of resolution that Nehru for instance might propose.

Amb. Koo asked if the British and the French Governments were aware of the proposed New Zealand initiative?

Secretary Dulles said so far as he knew the French were not informed. The British were informed in a general way. In response to a query from the Ambassador as to the British reaction, the Secretary said the British were not happy about the proposal and so far were not committed to support it.

Dr. Yeh said he realized that the Secretary might consider the Chinese reaction to the New Zealand proposal a curious one. However, the Chinese were bound to be a little sensitive where their vital interests were concerned, and perhaps a little suspicious. He

was not referring of course to American Government officials when he mentioned suspicion.

Secretary Dulles said he understood of course that the Foreign Minister was not referring to the President, himself or Mr. Robertson when he mentioned suspicion. He could not blame the Chinese for being suspicious in general. Much had happened to the Chinese Government which justified it in looking closely at every angle of any proposal which concerned it in an important way. He felt it was almost certain that the Soviet Union would feel that it had to veto the New Zealand resolution or argue that the Security Council had no jurisdiction and then walk out. The Communists would be placed in the position of being a mere pleader before the bar of justice, with the Chinese Nationalists, as members of the Security Council, sitting in judgment on them at the bar of justice. It was inconceivable that the Communists could accept such a situation. There was every likelihood that the New Zealand initiative could be shaped up as a useful political move. If the New Zealand move was not made, some worse move by a less friendly country could be anticipated. The U.S. would prefer to see the initiative taken under auspices that the U.S. can control.

Dr. Yeh asked if the New Zealand resolution was stalled for the present?

The Secretary said that it was, at U.S. request. We had requested New Zealand to defer action because the Generalissimo wished that a treaty announcement be made before the resolution was introduced. The Secretary remarked that U.S. ability to continue the stall diminished as military activity around the off-shore islands tended to heighten. He said that the Department has drafted a statement about the prospect of a treaty which could be brought out on short notice if necessary.

Dr. Yeh said that his Government would suggest a reference in the Treaty preamble to the general sovereignty of the Republic of China over all the territory of China. The necessary restrictions on the territory to be defended under the treaty could be made in the particular article defining the scope of application. He thought that we could distinguish between the area to be protected and the area over which China is recognized as having sovereignty. The particular article limiting the area to be defended could provide for subsequent agreement as to whether additional territory should come within the scope of the Treaty.

The Secretary said that we could not rely on leaving further areas open to coverage by subsequent Executive agreement. It was doubtful whether the Senate would delegate such authority to the President. We would require a fairly close definition of the mutual defense area.

Dr. Yeh said he was very glad to have the U.S. draft language of a treaty. He wanted to give it more thought. The Chinese Government would draw up its version of a public statement announcing the intention to negotiate a treaty. Then the two sides could compare notes.

Secretary Dulles said that events might force our hands. He did not want to rush the Chinese Government. He admitted the U.S. had taken considerable time. But if the Chinese Government could now move rapidly in view of the time it had already had to consider the question, the common interest would be served. A UN move might develop at any time.

The Secretary said that he hoped to have a meeting with the Far Eastern Subcommittee of the Senate Foreign Relations Committee soon after the Senate convened in special session on November 8. In response to a question from the Foreign Minister as to the effect the election might have on his consultations with the Senate, the Secretary pointed out that there would be no change in the composition of the Senate at the special session. The newly elected Senators would not take office until January. He recalled that he had said to the Foreign Minister earlier that if there were a shift of leadership in the Senate, as a result of the election, he would want to bring in the prospective majority leader more fully. This would be Senator Johnson of Texas.

Amb. Koo asked if it was definitely planned to announce the Treaty before the New Zealand resolution was introduced.

Secretary Dulles said this was correct. But we had to be certain that we would be able to agree on a treaty before any announcement was made. It would be catastrophic if an announcement should be made which was not followed up by actual signature of a treaty. This would leave the Chinese Government very vulnerable. A failure on this would make both sides look foolish. It would disclose a weakness and lack of harmony which would be most hurtful. We must be sure that our positions are very close and are fully reconcilable before any announcement is made.

Dr. Yeh said that his Government wanted to reach an agreement on a treaty as soon as possible—regardless of the proposed New Zealand resolution. The Generalissimo had expressed the hope to Mr. Robertson that the New Zealand proposal could be abandoned. The Generalissimo had practically pleaded that this be done. The Generalissimo had indicated that the Government might have to oppose the resolution unless a treaty announcement came first. It was hoped that both sides could proceed rapidly with the treaty.

Secretary Dulles said that he believed if necessary we could stop the New Zealand resolution. But we could not stop some other delegation from submitting a resolution in a form we could not support

and under circumstances which we could not control. The question was, should we rally support behind a proposal which promised to pay big dividends, or should we let the initiative pass to a less friendly delegation?

Mr. Robertson recalled that the Generalissimo at one stage said that he would not be disposed to oppose the New Zealand resolution if the treaty negotiations could be announced previously or simultaneously. The Generalissimo thought that if the Treaty could be announced beforehand it would offset the bad psychological effects which he thought the resolution would have. Afterwards the Generalissimo had expressed deep suspicion that the resolution was a result of Communist machinations by the Soviet Union working through Krishna Menon [5] to the British to the New Zealanders. The U.S. knows that this is not true. New Zealand is willing and anxious to cooperate with us and to insure that the resolution will remain pinpointed at the off-shore islands. The Communists could not possibly accept because acceptance would amount to denial of their whole position as tenaciously held for years. He expressed regret that the Chinese Government had difficulty in seeing it that way. He felt they would be missing a big chance if they did not accept it.

Dr. Yeh referred to the Chinese Communist air bombing of the Tachen Islands on November 1. He had received telegrams on the subject that morning which indicated an attack in three waves by Soviet made bombers and escort fighters. This was a continuation of the assault of Quemoy which began on September 3 when the island was bombed continuously for 7 hours by artillery. He did not think it was right for the resolution to blame the Chinese Government, along with the Chinese Communists for creating a threat to peace and security when the Chinese Communists were the sole instigators of the fighting. He thought that if the New Zealand resolution were amended to place the blame on the Chinese Communists, and if the reference to peaceful methods of settlement could be eliminated, then a good moral effect might be achieved and the resolution might be worthy of support.

Secretary Dulles said we could do what was possible but some things were impossible. He felt that we could not muster the necessary support in the UN if the resolution were cast in the terms suggested by the Foreign Minister. However the U.S. representative in his statement explaining the U.S. vote on the resolution would certainly take the position that the Communists were the aggressors and had initiated the attack.

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[5] V. K. Krishna Menon, Chairman of the Indian Delegation to the Ninth Session of the UN General Assembly.

Dr. Yeh said that he could not feel that the resolution stated the case fairly when it put his Government on a par with the Chinese Communists as an equal offender, whose acts have threatened world peace and security.

Mr. Robertson remarked that the Chinese Government had taken actions, such as the interception of the Soviet and Polish vessels, which would seem to give some plausibility to a contention that both sides had used methods other than peaceful ones. The Chinese Government naval action had been very effective. But it would make more difficult any effort to change the language of the resolution.

It was agreed that Foreign Minister Yeh would continue conversations with Assistant Secretary Robertson as soon as he was ready. The Foreign Minister hoped that he would be able to participate in another meeting before his scheduled departure for Spain on November 5.

No. 378

Eisenhower Library, Dulles papers, "Telephone Conversations"

Memorandum of Telephone Conversations, Prepared in the Department of State [1]

[WASHINGTON,] November 2, 1954—2:57 p.m.

Telephone Call From Sec. Wilson

W. said he has a message from Chase and Stump [2] that raises the question of some retaliatory action—W. thinks we should talk to the President. W. does not want to approve it, but it is something to be discussed. R. * told W. that we haven't the message yet. They want action against the mainland. The Sec. referred to an earlier cable from Rankin. [3] W. said they have asked our permission. They want to get in the clear. The Sec. said he would like the message sent over, W. said he would do so and will set up an appointment.

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[1] Apparently prepared by Phyllis Bernau; the initials "pdb" appear on the source text.

[2] The message under reference was apparently a summary or repetition of telegram MG 9977 from Chief MAAG Formosa to CINCPAC, Nov. 1, which reported a conversation that day between Chase and Chinese Defense Minister Yu similar to Rankin's conversation with Yu reported in telegram 318 from Taipei, Document 374, and transmitted a Chinese request for U.S. concurrence in proposed Chinese Air Force attacks on several Chinese Communist airbases. (Taipei Embassy files, lot 62 F 83)

* Radford. [Note in the margin of the source text.]

[3] Presumably telegram 318, Document 374.

W. Called back. The appointment is at 4, and Radford will bring the message over at 3:30 and then go to the WH with the Sec. [4]

[4] No record of a meeting at the White House has been found in Department of State files.

No. 379

793.00/11-354

Memorandum of Conversation, by the Assistant Secretary of State for European Affairs (Merchant)

TOP SECRET [WASHINGTON,] November 3, 1954.

Participants: Sir Robert Scott, British Embassy
Miss Barbara Salt, British Embassy
Mr. Merchant

On the Secretary's instructions, I asked Sir Robert Scott to come in to see me this morning. I told him that the Secretary wanted Sir Anthony Eden to know that he was worried over the latest developments around the off-shore islands. He also desired Sir Anthony to know that the U.S. has been exercising a restraining influence on the Chinese Nationalists to keep retaliatory action to a minimum. I said, however, that if the attacks continued or were stepped up it would presumably be impossible for the Chinese Nationalists not to react strongly since they obviously could not just sit there and take it. I told Sir Robert that our information in the last 36 hours was that not only had the Tachen Islands been again bombed but that the rate of artillery fire against Quemoy had been stepped up and there had been a bombing of a third island named, I believed, White Dog Island. I said that our Intelligence people believe that there was some evidence to indicate that this might be the development of a new pattern foreshadowing an all-out attack by the Communists against the Islands.

Sir Robert was obviously not informed of the recent new activities in the area and he asked that FE pass on to him or Mr. Joy any intelligence reports or a summary of them covering this situation. I said that I would speak to Mr. Robertson concerning this.

Sir Robert said that he was extremely concerned over the situation in the off-shore islands and had been since last summer. His own view was that the seizure of the Soviet tanker last June was the incident which started the present chain. He then asked me what effect this increased activity had on our present thinking concerning the Treaty and the Security Council. I said that my own personal view was that it argued for speed.

Sir Robert then said that he had just received this morning a copy of a letter from Sir Pierson Dixon to Denis Allen of the Foreign Office, in which Dixon emphasized his concern that there should be an agreed understanding between Ambassador Lodge and himself on the tactical handling of the Security Council matter. Dixon listed three points which would be supplementary to the agreed minute of understanding and on which he believed he had an oral understanding with Ambassador Lodge. Scott seemed to think that these 3 points which I gather would be interpretive to the agreed minute of understanding (one of them, for example, was the statement that there was no commitment as to further action than to leave the matter on the Security Council agenda in the event that a veto was encountered) should be in writing in order to avoid any possible misunderstanding. At my suggestion Sir Robert said he would put them on a piece of paper and bring or send it in to Mr. Robertson or Mr. Key. [1]

[1] A memorandum of conversation by Bond, dated Nov. 3, recorded a conversation later that day between Bond and Barbara Salt, in which she stated that the British had decided that the proposed paper should include additional points which they had not had time to formulate but that the Embassy did not have in mind any commitments beyond those which had already been given orally in conversations with Secretary Dulles. (793.5/11-354)

No. 380

793.00/11-354: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

SECRET PRIORITY TAIPEI, November 3, 1954—6 p.m.

325. Taipei's 318. [1] As General Chase has reported in detail through military channels, Chinese Air Force attacked point near Tung An some 14 miles north of Amoy Island at approximately same time Communists raided Tachen November 1. CAF raid by 9 or 10 F-47s (of which one lost) was without prior consultation with MAAG. Timing was such that neither raid could qualify as retaliation for other. It is reported, however, that Peiping radio admitted Tachen raid preceded that on Tung An which should largely nullify any complaint Reds might raise.

[1] Document 374.

Chase is addressing letter to Chief of General Staff [2] today stating Tung An raid was in violation of our understandings and I have made representations to acting Foreign Minister today in same sense.

RANKIN

[2] The letter from Chase to Gen. Peng Meng-chi, Acting Chief of General Staff, dated Nov. 3, is in Taipei Embassy files, lot 62 F 83.

No. 381

793.00/11-354: Telegram

The Secretary of State to the Embassy in the Republic of China

TOP SECRET WASHINGTON, November 3, 1954—7:30 p.m.

278. Very limited distribution. Eyes only Rankin. FYI. Following is excerpt from instruction November 3 from CNO to CINCPAC [1] regarding concurrence in ChiNat air retaliation against ChiComs:

"Concurrence will not be given for air retaliation against Mainland fields in this instance. In event of further ChiCom air attack against Tachen, you are authorized to acquiesce in ChiNat air retaliation provided that such retaliation can be initiated with sufficient promptness as would leave no doubt that the ChiNat reaction is, in fact, a retaliation for the specific ChiCom attack, and further provided that the targets attacked in retaliation meet your criteria as to feasibility and chance of success. Retaliation targets should be selected with due consideration for the undesirability of provoking further ChiCom reaction against Formosa itself.

ChiCom air attack against other off-shore islands will be considered in Washington on its merits if and when occurring and is not considered as falling within purview of these instructions. In the event that ChiNat retaliation should provoke air attack against targets on Formosa, special considerations would be involved. Should Seventh Fleet aircraft encounter ChiCom aircraft in the act of attacking Formosan targets, they would be justified, within the framework of existing instructions, in repelling attack by force. Current instructions with respect to the Seventh Fleet's responsibilities in defense of Formosa are not to be interpreted as authorizing you or your subordinate commanders to engage ChiCom forces, except as indicated above, nor to initiate attacks against China mainland targets except as necessary to provide for the security of your own forces.

MND Taipei should be made to clearly understand that ChiCom reaction to ChiNat retaliation involving ChiCom air attack against

[1] Telegram 031925Z from CNO to CINCPAC, Nov. 3. (JCS records, CCS 092 Asia (6-25-48) Sec. 86)

Formosan targets does not obligate United States to employ Seventh Fleet forces in further action against ChiCom forces." [2]

DULLES

[2] A letter of Nov. 5 from General Chase to General Peng expressed nonconcurrence in "your proposal for CAF attacks of the Ningpo, Hangchow and Chuhsien airfields as retaliation for the Communist attack of Ta Chen last Monday, 1 November 1954", proposed a conference to discuss the types of counteraction the Chinese might wish to take in the event of additional air attacks against Ta Chen, and stated:

"I am directed to make certain that the Ministry of National Defense clearly understands that in event of a Communist attack against Formosa resulting directly from 'unauthorized' GRC retaliatory action, there is no obligation on the United States to employ the 7th Fleet to counter such Communist military actions, and that new instructions would be required as to 7th Fleet participation in further action against Communist forces."

An undated copy of the letter is in Taipei Embassy files, lot 62 F 83. According to despatch 646 from Taipei, May 10, 1956, which quotes the statement above, the letter was dated Nov. 5. (793.5/5–1956)

No. 382

793.5/11–454

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy)

TOP SECRET [WASHINGTON,] November 4, 1954.

Subject: Mutual Defense Treaty—2d Meeting

Participants: Dr. George Yeh, Chinese Foreign Minister
Dr. Wellington Koo, Chinese Ambassador
Dr. Tan, Minister, Chinese Embassy
Mr. Robertson, Assistant Secretary for Far Eastern Affairs
Mr. Phleger, Legal Adviser
Mr. MacArthur, Counselor
Mr. McConaughy, Director, Chinese Affairs

The meeting was devoted to textual examination of the Chinese and U.S. treaty drafts. [1]

It was agreed that in the preamble the reference to "Pacific Area" would be changed to "west Pacific area".

In Article II, [2] Mr. Robertson suggested that the phrase "*prevent* and counter" preceding "subversive activities" be eliminated. Dr. Yeh agreed.

[1] The Chinese draft, given to McConaughy by Tan on Nov. 3, is in file 793.5/11–354. The U.S. draft under reference has not been found in Department of State files.

[2] Article II of the Chinese draft stated that the two Parties, separately and jointly, by self-help and mutual aid, would maintain and develop their individual and

Continued

Dr. Yeh proposed a new Article III, which Dr. Tan read aloud as follows:

"The Parties undertake to strengthen their free institutions and to cooperate with each other in the development of economic progress and social well-being and to further their individual and collective efforts towards these ends."

Mr. Robertson accepted this, noting that the numbering of other Articles would be changed.

Mr. Robertson said Article IV proposed by the Chinese [3] regarding establishment of a continuing "Council" was entirely different from anything in the U.S. version. The U.S. Government did not feel that it could approve a Council arrangement different from that contained in its other Asian treaties. The Chinese proposal appeared to bear some similarity to the NATO arrangement. It was felt that in a bilateral treaty for a formal standing body, provision of this sort was unnecessary.

Dr. Yeh mentioned that we had arranged for a Council with the Philippine Government.

Mr. Robertson pointed out that the Council provision was not contained in the Defense Treaty with the Philippine Government, but was set up by a separate exchange of Notes. Mr. Robertson then read Article IV as proposed by the U.S. (formerly Article III). He thought that the arrangements for consultation did not need to be elaborated in the treaty. This could be done later.

Ambassador Koo asked if we thought it was entirely unnecessary to provide for a Council in the Treaty.

Mr. Robertson said that was correct.

Mr. Phleger said that implementation of a provision to consult could take any form the parties agreed upon.

Dr. Yeh asked why it was felt necessary to strike out specific provision for a Council, composed of the two Foreign Ministers and their military representatives.

Mr. Phleger said that the flexibility of a general provision to consult was preferable. With a flexible provision, any sort of consultative arrangement which seemed desirable could be established.

Ambassador Koo asked why the Chinese suggestion was considered too inflexible.

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collective capacity to resist armed attack and "to prevent and counter communist subversive activities directed from without against their territorial integrity and political stability."

[3] Article IV of the Chinese draft stated that the two governments agreed to establish a continuing Council, consisting of the U.S. Secretary of State or his Deputy and the Chinese Foreign Minister or his Deputy, each of whom would designate a military representative, and agreed that consultations would be held at the request of either Government.

Mr. Phleger said a requirement for a fixed Council would be too restrictive.

Dr. Yeh said he still could not understand why the Chinese suggestion was found objectionable.

Mr. Phleger said he felt that the U.S. draft covered the requirements.

Dr. Yeh thought that the provisions of the Chinese draft were more explicit.

Mr. Robertson pointed out that the U.S. version did not place any limitation on the right to consult.

Mr. Phleger offered to relay the views of the Chinese representatives to the Secretary.

Dr. Yeh thought the matter was not especially important but he still was not clear as to the reason why we objected to a continuing Council with military advisers.

Mr. Robertson remarked that consultation could be had whenever a threat existed. The U.S. proposal gave complete freedom to consult. There would be no occasion to consult under the treaty unless a question of implementation was involved.

Dr. Yeh said that in principle the territorial integrity of China was continuously violated by the Communists. Continuing consultation was therefore called for.

Mr. Phleger said he was certain the considerations bearing on the need for consultation were very much in the Secretary's mind.

Dr. Yeh said that he would like to consider the matter as in suspense for the moment and pass on to the next Article.

The wording of Article V was considered. The Chinese draft read as follows:

"Each Party regards that an armed attack in the West Pacific Area on the territories of either of the Parties shall be considered as an attack on both Parties and shall assist the Party so attacked by taking forthwith all the necessary measures, including the use of armed force, to restore and maintain the security of the West Pacific Area. The Parties shall undertake to continue and execute the existing arrangements for the defense of Taiwan and the Pescadores."

The U.S. draft read as follows:

"Each Party recognizes that an armed attack in the West Pacific Area directed against the territories of either of the Parties would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes.

"Any such armed attack and all measures taken as a result thereof shall be immediately reported to the Security Council of the United Nations. Such measures shall be terminated when the

Security Council has taken the measures necessary to restore and maintain international peace and security."

Mr. Phleger said the Chinese draft went beyond the NATO provision. The matter has been argued out in connection with the Southeast Asian Pact. The Secretary was committed to use the "Monroe Doctrine Formula", as in the Philippine Treaty.

Mr. Robertson said that the U.S. proposed the term "an external armed attack in the west Pacific on the territories of either of the parties".

Mr. MacArthur said that there had been consultation on this phraseology with the Senate. The Senate Foreign Relations Committee had spoken very frankly on this. There had been no equivocation. This was the only sort of language the Senate would buy. Mr. Phleger said the matter had been argued for two days in Manila in September. The Secretary himself had worked out this language. The Senators had declared that the formula and the language of all mutual security treaties must be consistent in this respect.

Dr. Yeh asked if the Secretary intended to rely on this language to protect Formosa if the 7th Fleet should be withdrawn. He wondered what the situation would be if the orders to the 7th Fleet should be revoked. The Chinese would like something more permanent than an Executive Order to the 7th Fleet. Something was needed which would enable action to be taken almost instantaneously. Under existing arrangements certain technical arrangements have been reached between the Commander-in-Chief of the U.S. Pacific Fleet and the Chinese military authorities. The proposed language of Article V, with no specific provision for continuing and executing the existing arrangements for the defense of Formosa and the Pescadores, would give the Chinese less protection than the existing 7th Fleet Order. He felt that the proposed language amounted to a retreat. Had he made himself clear?

Mr. Phleger said the Foreign Minister's point was very clear, but he felt the Foreign Minister had misunderstood. The general language proposed by the U.S. would empower the President to use either the 7th Fleet or anything else he wanted to. We could not write in a treaty provisions which would freeze "existing arrangements". The President has the constitutional authority to dispose the U.S. Army and Navy. But he needs Senate support to order the Army and Navy to start firing. If we base the article on existence of a threat to the U.S., the President would have the same authority to meet this threat by armed action as he would have in the case of any other threat to U.S. security. At Manila the Secretary had developed this principle in detail. The U.S. language does what

the Chinese Government wants, and does it in the most effective way.

Ambassador Koo said that under the present situation by virtue of the Presidential Order to the 7th Fleet, a Communist attack would bring the 7th Fleet into action.

Mr. Phleger said that an order to start a shooting war could be given by the President only if it had constitutional sanction. Under the Constitution action by Congress is required to support Executive action which amounts to war. The President would have a great deal more authority to use U.S. forces in defense of Formosa if the treaty set forth that an armed attack on the treaty area would be dangerous to the peace and safety of the U.S.

Ambassador Koo asked if the Chinese sentence about continuing and executing existing arrangements could not be retained.

Mr. Phleger said that a treaty could not commit the President as to the military means to be used to carry out his constitutional responsibilities. A future Chief Executive cannot be bound to continue previous military dispositions. One President cannot bind his successor as to the discharge of his responsibilities as Commander-in-Chief of the Armed Forces. Only one person can have this responsibility. Even the Congress cannot do this. Congress can withdraw support of the armed forces but it cannot order a Division to be sent to any given place. At London the Secretary had explained this same thing. Neither Congress nor a treaty provision can bind the hands of a President as to the deployment of U.S. forces. It cannot be done by law or treaty.

Ambassador Koo remarked that the U.S. presumably would assume responsibility for aiding in the defense of Formosa and the Pescadores.

Mr. Phleger agreed that this would be so when the treaty was confirmed by the Senate. It would be the constitutional duty of the President to resist any attack defined by treaty as dangerous to the peace and security of the United States.

Dr. Yeh said that the operative clause[s] defining the territories of the parties in the west Pacific area were important and should be considered in conjunction with Article V.

Mr. Phleger said that the Monroe Doctrine formula would provide an effective safeguard for Formosa and the Pescadores. It was the most acceptable formula from every standpoint and was the only one satisfactory to the Senate. The Secretary considered this formula to be superior to any other. The NATO language was subject to misconceptions and could not again be made acceptable to the Senate. The proposed language accomplishes the same purpose.

Dr. Yeh suggested that Article VI be read. It follows:

"For the purposes of Article V, the term 'territories' to which this treaty is applicable shall mean in respect of the Republic of China, Taiwan, the Pescadores, and such other territory as may be determined by mutual agreement, and in respect of the United States of America, its island territories in the west Pacific." [4]

Dr. Yeh said it was important to make it clear that the definition of "territories" and "territorial" in Article VI, refers only to Article V. He did not want to make it appear that Chinese territory was limited to Taiwan and the Pescadores.

Mr. Robertson asked if the definition of the treaty area would not apply also to Article II?

Dr. Yeh said that his Government did not want the treaty area to be limited throughout to Formosa and the Pescadores.

Ambassador Koo said that he preferred "For the purposes of this treaty" to "For the purposes of Article V".

Mr. Robertson asked what was the difference.

Dr. Yeh said he wanted to make it clear that the Chinese Government was not confined to Formosa and the Pescadores.

Mr. Robertson felt it was just as necessary to define the territory covered by Article II as by Article V.

Dr. Yeh said that he was prepared to accept the reference to Article II in Article VI, but he did not like the UN reference in Article V.

Mr. Phleger pointed out that "territories and territorial" were used only in Articles II and V.

Dr. Yeh said that the change represented an improvement. It was only a technical question.

Ambassador Koo wanted to provide in Article VI that the provisions of Articles II and V may be made applicable to such other territories as may be determined by mutual agreement.

Dr. Yeh suggested the deletion of the UN reference in Article V. He thought that the reference might make it necessary for any incident to run the full UN course, calling for peaceful settlement, a truce, etc. He did not want the problem of Chinese Government rights as to the mainland possibly thrown into the UN.

Mr. Robertson remarked that there was a clear obligation under the Charter for both the U.S. and the Chinese Governments as members of the UN to invoke Security Council action when necessary to restore and maintain international peace and security.

Dr. Yeh thought there was no need specifically to invoke Security Council action in a bilateral treaty.

Mr. MacArthur said that in view of Article [*Paragraph*] 51 of the Charter, the omission of a UN reference would seem significant.

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[4] Article VI of the Chinese draft.

Both parties were bound by an obligation which they could not repudiate. The U.S. position would be difficult if recognition of the UN responsibility was not made explicit in the treaty.

Dr. Yeh said that if his Government had control of its mainland territory, he would have no objection to the UN reference.

Mr. Robertson felt that the Republic of China should not want to put itself in the position of seeming to disregard its obligation as a UN member.

Ambassador Koo thought that full recognition by the parties of their UN obligations was contained in Article VIII, which stipulated that the treaty would not affect in any way the obligations and rights of the parties under the Charter.

Mr. Phleger asked if the Chinese Government wanted it to seem that it did not have the obligations of UN membership.

Dr. Yeh said that deletion of the UN reference from Article V would not make the Chinese Government any less responsible to the UN. The obligations would automatically apply as long as China was a member of the UN.

Mr. Phleger said we expected the ROC "to be in the UN forever". But he felt that the later reference to the UN in Article VIII was not sufficient. A UN reference should come in at every appropriate place. There was a large group which was opposed to bilateral security treaties on the thesis that they by-passed the UN Charter. Appropriate references to the UN in treaties forestall serious criticisms.

Mr. MacArthur pointed out that as a practical matter, we would report to the UN on measures taken by us in any event, and would seek UN help. There would be strong feelings of criticism if the UN reference were deleted. If we did not report to the UN, it would seem that we would not consider that an aggressive act had taken place.

Dr. Yeh felt that the language of Article VI of the Philippine Treaty covered the UN requirement. For political reasons he would like to have the UN reference in Article V deleted.

Ambassador Koo said that the Chinese representatives would not object to reporting to the UN in fact.

Mr. MacArthur asked why in that case they objected to the inclusion of the UN language in the Article.

Dr. Yeh felt that his Government was not compelled by the UN Charter to report every attack of the sort envisaged in Article V.

Mr. Phleger said Article [*Paragraph*] 51 of the UN Charter stipulated that measures taken shall be reported to the Security Council.

Dr. Yeh said that pin-prick attacks by the Chinese Communists occurred continuously—up to 17 a week. The Chinese Government

had never reported such attacks to the United Nations, or the measures taken in response, and did not consider that it was obligated to do so. The Chinese Government did not want to assume a treaty obligation to make such reports. The Chinese Government could not object to reporting by the U.S. Government. But the Chinese Government would not wish to report itself. Under the proposed language the Chinese Government would be obliged to report immediately to the Security Council in every case. He was pointing out a rather subtle connotation.

Ambassador Koo said the Chinese Government thought the last paragraph of Article V was superfluous and redundant. There was no desire on the part of China to repudiate any of its UN obligations. The Chinese Government would want to consider the propriety and the timing of any report to the UN. Article VI of the Philippine Treaty fully covered the requirement.

Mr. Phleger said that omission of the UN reference in Article V might be construed as an intention to evade the Charter obligation.

Dr. Yeh said that we could refer in Article VIII to Article [*Paragraph*] 51 of the Charter. The additional reference in Article V unnecessarily prolonged the treaty. He would even agree to special invocation of Paragraph 51 in Article VIII. It would sound strange, but he would agree if it would help to surmount the hurdle.

Mr. Robertson admitted that Article VIII confirmed the obligations of the parties under the UN Charter, but he felt that the additional reference in Article V was standard procedure and should be adhered to.

Mr. MacArthur said that the Senate felt it was important to spell out the UN obligations of treaty signatories and include a reference thereto wherever appropriate.

Mr. Robertson said it had become a pattern for the Pacific area. If you omit language in one treaty which appears in other treaties in the area, someone will attach unwarranted significance to the omission and ask about it.

Mr. Robertson said the treaty would encounter some opposition. Some elements would be on the other side. He was anxious to draw up a treaty which would obtain quick ratification.

Dr. Yeh said that before he left he discussed the treaty language with nine members of the Foreign Affairs Committee of the Legislative Yuan. Some had expressed fears that the Treaty would lead to a truce and permanent establishment of a dividing line in the Formosa strait which could not be crossed by either side without running into difficulties with the UN. He had been warned then that he should be on the alert to avoid a UN commitment which might impair the right of the Chinese Government to reclaim its own territory.

Mr. Robertson said that it would not be reasonable to ask the U.S. to sign a treaty which was out of the pattern established by other treaties in the area—especially the treaty with the Philippine Islands which had especially close historical ties with the United States.

Mr. MacArthur shared this view, saying particularly we could not expect the Philippine Government to assume an obligation from which the Chinese Government was exempt.

Mr. Robertson said it would look very strange if the ROC as a permanent member of the Security Council should seem to oppose recognizing a UN obligation.

Dr. Yeh repeated that the obligation under Paragraph 51 could be spelled out in Article VIII.

Mr. Robertson felt that the Chinese objection was not based on substantial grounds. He turned to Article VII regarding the granting to the United States of the right to dispose forces in and about Taiwan and the Pescadores. He noted that the phrase "the Government of the United States of America accepts" did not seem necessary, but he felt that its inclusion made no difference and did not need to be questioned.

As to Article X, he noted that the Chinese had suggested making the termination notice two years rather than one year. Mr. Robertson said that we had a one-year termination provision in the Korean, Philippine, ANZUS, and Southeast Asian Treaties. He asked why a different term should be specified in this Treaty. He remarked that an exception for the ROC would simply draw criticism and raise questions.

Dr. Yeh conceded the point and agreed to a one-year termination provision.

Mr. Robertson remarked that the treaty could not be made more favorable in any respect than the Philippine Treaty.

Reverting to Article IV, Mr. Robertson said that there was full provision for consultation. Hence, it was better not to establish a formal continuing Council with military representatives. Any necessary provisions for consultation could be made later.

Ambassador Koo asked if we wished to leave the matter of implementation of the consultation provision until after the Treaty was ratified.

Mr. Robertson said that was correct. The ANZUS Council, which the Chinese representatives had mentioned earlier, had been established because there were three signatories. There was less reason for a formal Council where there were only two signatories.

Dr. Yeh said that he wanted to have an understanding with the Secretary and Assistant Secretary Robertson as to an exchange of Notes interpreting the operative provisions of the Treaty. Such an

exchange of notes would facilitate Chinese ratification. The Chinese Government would like to obtain a U.S. note stipulating that "in accordance with its constitutional process" does not imply that the 7th Fleet will be withdrawn.

Mr. Robertson did not think that the Department could sign such a note. The President is the Commander-in-Chief of the Armed Forces. He must dispose U.S. Forces as he thinks best for the security and safety of the country. There could not be any side agreement with another country as to what Fleet operational orders would or would not be maintained or withdrawn.

Mr. MacArthur said that the Department representatives had been through similar discussion before. It was impossible to agree to this suggestion.

Mr. Robertson said that no one could take this prerogative away from the Commander-in-Chief. Our suggested language in Article V went as far as it was possible for us to go.

Ambassador Koo asked if under the U.S. language for Article V, the President in his discretion could take immediate measures.

Mr. MacArthur said that upon ratification, this Treaty language would provide the President with constitutional authority, which he would not otherwise have, to act in the event of an armed attack on Taiwan or the Pescadores. This would be achieved by relating Formosa and the Pescadores to the peace and safety of the U.S. A Treaty cannot modify constitutional requirements. It can provide a basis for action which might be unconstitutional in the absence of a treaty.

Ambassador Koo inquired if the President could take measures under the Treaty, after its ratification, without consulting Congress.

Mr. MacArthur said the Treaty would give him authority to exercise his constitutional powers. Without the Treaty, he would not have the same powers.

Dr. Yeh asked if he could say to the Legislative Yuan, "This language is in accordance with U.S. constitutional practice."

Mr. Robertson said the language would give the President a legal position which he does not now have. Some constitutional lawyers question whether the 7th Fleet order is still valid following termination of the Korean hostilities. The Treaty would strengthen the authority of the President to use U.S. forces for the defense of Formosa and the Pescadores.

Dr. Yeh said, "All right. I will go along with that language. But I want it to be noted that I may need to say before the Legislative Yuan that this is the interpretation of the Secretary of State himself."

Mr. MacArthur said the Foreign Minister might not want to put himself in the position of interpreting U.S. constitutional law. He suggested that the Foreign Minister obtain direct confirmation from the Secretary that the proposed language afforded a basis for action by the Chief Executive under the Constitution.

Dr. Yeh said that he would tentatively go along with the U.S. draft of both paragraphs under Article V.

Ambassador Koo referred to Article VI and asked if the following sentence was tentatively accepted: "The provisions of these two articles will be applicable to such other territories as may be determined by mutual agreement."

Mr. Robertson said that he could not formally accept that language without consulting the Secretary. He felt there was no substantial difference. He asked when the negotiators could meet to agree officially on the text. He thought that the two sides had achieved substantial agreement.

Dr. Yeh said he would have to wire the President of the Executive Yuan. He said that as Foreign Minister he had full authority to negotiate, and to accept or reject *ad referendum*. But the Cabinet must consider the draft. It would take four or five days, or a week at most.

Mr. Robertson said that the Secretary wanted to conclude the negotiations immediately. He had thought Dr. Yeh had full authority.

Dr. Yeh said that he thought the draft just agreed on would be approved, but the reference to the Cabinet was a necessary procedure.

Mr. Robertson said the Generalissimo had informed him in Taipei in October that Foreign Minister Yeh would have full authority.

Ambassador Koo said that both he and Dr. Yeh had full power to negotiate. But the reference to the Cabinet was a necessary formality before they could be authorized to sign.

Mr. MacArthur said that the negotiations must be held absolutely secret. Any questions which might result from a leak could lead to difficulties.

Mr. Robertson emphasized that the situation would be full of dynamite if a leak occurred.

No. 383

793.00/11-554

Memorandum of Conversation, by the Assistant Secretary of State for European Affairs (Merchant) [1]

TOP SECRET [WASHINGTON,] November 5, 1954.

Subject: Off-shore Islands

Participants: The Secretary
The British Ambassador
Sir Robert Scott
Livingston T. Merchant

Sir Roger called at his own request on the Secretary this afternoon. He opened by saying that Sir Anthony Eden was anxious concerning the situation of the off-shore Chinese islands in light of the flare-up in fighting and that he was most anxious to see as early as possible the statement which we proposed to make concerning the negotiations of a treaty with the Chinese Nationalists.

The Secretary said that we were in the process of drafting such a statement but that he was not aware of its status at the moment. He agreed that the increase in fighting was disturbing and he mentioned the damaging aspect of the story on the Treaty in the *Washington Post* this morning. He said that he would hope to expedite the preparation of the draft statement and get it to the British as early as possible.

The British Ambassador went on to say that Eden wanted to be sure that there was some reference in a general sense that Formosa would not be established as a protected base for attacks against the mainland. The Secretary explained the difficulties in this respect, particularly since it was only from Formosa that the defense of these off-shore islands could be supported as long as they were under attack. He suggested that it might be better to omit any reference to this in the initial public statement but leave this point to be dealt with by the U.S. representative on the Security Council. He went on to say, however, that the British might be authorized to cover this point in their private communications to Moscow and Peiping which would be made just prior to the initiation of action in the Security Council.

Sir Roger mentioned that Eden desired to attempt to carry India along with the action in the Security Council by informing them in advance. The Secretary expressed the hope that any such notifica-

[1] Approved by Secretary Dulles, according to a handwritten note by O'Connor on the source text.

tion would not be appreciably in advance of actual action in the Security Council because of the increased risk of leakage.

No. 384

793.00/11-554

Memorandum of Conversation, by the Counselor (MacArthur) [1]

TOP SECRET [WASHINGTON,] November 5, 1954—6-6:30 p.m.

Participants: The Secretary
Ambassador Spender, Australia
Mr. MacArthur

Ambassador Spender called at his request upon the Secretary. He said he had received a cable from Prime Minister Menzies and Foreign Minister Casey regarding the proposed security treaty between the US and Nationalist China and the proposed New Zealand Security Council resolution. Rather than go over this cable verbally, he had summarized the salient points made by his Government in a memorandum, which he handed the Secretary. (Attached.) [2]

The Secretary read the memorandum and asked if this was a full résumé of the points which the Australian Prime Minister and Foreign Minister had made. Ambassador Spender replied in the affirmative and then made reference to the Chalmers Roberts article in this morning's *Washington Post* regarding the negotiation of a security treaty with Nationalist China. He asked whether the discussions with the Chinese Nationalists had progressed further since he had discussed this with the Secretary on October 31 [3] and whether we were in fact in real negotiation with the Chinese Nationalists. The Secretary replied by saying that at this stage the conversations with Foreign Minister Yeh had proceeded further in that we had this week had two exchanges of views with Yeh on the contents of a possible mutual defense treaty.

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[1] A note by O'Connor, attached to the source text, indicates that Secretary Dulles had cleared only the last page (the last paragraph).

[2] The document, headed "Formosa" and dated Nov. 5, raised several questions with regard to the proposed treaty and Security Council resolution and recommended that both should be put aside for the present and that the whole question should be explored privately with like-minded governments with a view to subsequent diplomatic approaches to Peking and Moscow. It also stated that Australia had a direct interest in the problem and that the Australian Government considered that it should be a participant in the discussions taking place between the United States, the United Kingdom, and New Zealand.

[3] No record of this conversation has been found in Department of State files.

Sir Percy then inquired whether the US was committed to such a treaty. The Secretary replied that in principle we were committed to a treaty if agreement could be reached on a basis which was satisfactory to the US Government. He explained that there was nothing new in our discussion of a security treaty with the Chinese Nationalists, since the latter had been raising this question with us for over a year; when he had visited Formosa in September and Mr. Robertson had visited there in early October, Chiang Kai-shek had pressed for a security treaty. The Secretary said that the formulation of a treaty was extremely difficult for reasons which he had explained to the Ambassador, particularly since the treaty would only cover specifically Formosa and the Pescadores, and since it was defensive in character. This raised a problem for the Chinese Nationalists with respect to the off-shore islands, but he believed that they had weighed the advantages and disadvantages and concluded that a treaty covering Formosa and the Pescadores had advantages which out-weighed the disadvantages of excluding Quemoy and the other small islands. The Secretary said that while the treaty area would not cover these small islands, it would not exclude the possiblity of our joining in their defense if we conclude that it is essential to the defense of Formosa. Ambassador Spender asked how this would be handled in the text of the treaty and the Secretary replied that we had not yet gotten that far.

Ambassador Spender then asked how far we had got with the Chinese Nationalists regarding the terms of the treaty. The Secretary replied that he thought the status was about 60–40. There were certain provisions which followed the other similar treaties we have negotiated in the Pacific area which did not raise any real problems. However, there were other complicated issues which he had just explained to the Ambassador which were difficult. Furthermore, in the past we had not concluded any treaties with countries while they were in a state of war, which was the situation existing between the Chinese Nationalists and the Chinese Communists. The Secretary said it was very important in drawing up a treaty to strike the right balance, and that a number of the points set forth in the Australian memo which Sir Percy had handed him had been in his mind for a long time. The important thing was to strike a proper balance which on the one hand would in no way impede the inherent right of self-defense which the Chinese Nationalists must enjoy, and on the other hand not have a situation where the US might be dragged into hostilities by unilateral action of the Chinese Nationalists. Sir Percy said he could understand the difficulties and he assumed that when the Secretary had made reference to 40% of the difficulties in drawing a treaty still remaining

to be solved, he had in mind this striking of the appropriate balance. The Secretary replied in the affirmative.

Sir Percy then inquired what value any action in the UN would be if we concluded a defense treaty with the Chinese Nationalists. The Secretary said the value of UN action would be to stop the fighting in the small off-shore islands which would not be covered in the treaty area. Fighting in these islands could spread and develop into a general war, which everyone wished to avoid. In effect, the Secretary believed that UN action with respect to the off-shore islands would have the effect of diplomatic action, which was proposed in the memo which Sir Percy had handed him. Diplomatic action presented many difficulties, since the US, for example, did not even have relations with the Chinese Communists. Similarly, the Australians had no relations with the Chinese Communists. Furthermore, the Secretary felt that action with respect to the Security Council along the lines of the New Zealand memorandum might result in a cooling-off period and a hesitancy on the part of the Chinese Communists to hot up or make an all-out assault on Quemoy and the other small islands.

Sir Percy inquired what we would do if the USSR vetoed the Security Council resolution. The Secretary answered that as a practical matter, we would be right where we were when the action was put forward. He added that we had talked generally with the UK and New Zealand about this, and he believed there was general agreement that if the USSR vetoed, we would leave the matter with the Security Council and not try to push it in the General Assembly.

Sir Percy then inquired whether there was not danger of a Chinese Nationalist veto. The Secretary replied that while the Chinese Nationalists were not happy about the New Zealand resolution and did not like it, he did not believe they would veto, but as of today he could not be certain of this. Sir Percy asked whether, if we did not have a specific commitment from the Chinese Nationalists *not* to veto, we would still go ahead with the UN action. The Secretary replied that he did not know whether we could get a specific commitment from the Chinese Nationalists, but we would use our influence to persuade them not to veto. The Chinese Nationalists certainly would not support the New Zealand resolution, and we would not press them to do so, but we would do what we could to hold their opposition short of a veto.

Sir Percy then said that before leaving he would specifically like to inquire whether we agreed to the Australian proposal that in the future they should participate in further discussions between the US, UK, and New Zealand with respect to this entire matter. He said the Australian Government had been deeply hurt at not

being made a party from the very beginning to the US–UK–New Zealand discussions and negotiations. As a staunch partner and ally of the US, Australia felt that it should be included. He believed the Australian Government had a better understanding of the matter since he had fully reported the Secretary's explanations given him last Sunday evening, [4] but he nevertheless still felt very strongly that the Australians should participate directly in future talks. The Secretary replied that we would keep the Australian Embassy in close touch with all that went on in our discussions. Sir Percy said they wanted more than being kept in close touch—they wanted actually to sit in on the discussions and have the possibility of having Australian governmental views considered before decisions were taken. The Secretary replied that he could not promise this. As he had explained before, New Zealand had a special status in this matter because it was a member of the Security Council. If we started taking Australia into the discussions, there would be no reason why we should not take in the Philippines and our other Manila Pact powers. He said we wanted the Australian Government to be fully and currently informed and we would keep them fully informed, but this was the extent of the commitment which he could make.

[4] Oct. 31.

No. 385

794A.5 MSP/11-654

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy)

TOP SECRET [WASHINGTON,] November 6, 1954—10:30 a.m.

Subject: Proposed Mutual Security Pact—Third Meeting

Participants: Dr. Yeh, Chinese Foreign Minister
Dr. Wellington Koo, Chinese Ambassador
Dr. Tan, Minister, Chinese Embassy
Mr. Robertson, Assistant Secretary, FE
Mr. McConaughy, CA

Mr. Robertson handed the Chinese representative copies of the draft Protocol to the Treaty, as proposed by the U.S. (A copy is enclosed.) [1] He explained that the purpose of the Protocol was to formalize the understanding that without mutual consent, the Chi-

[1] Not attached to the source text.

nese Government would not take any offensive action which might provoke retaliation by the Communists leading to invocation of the Treaty. At the same time the U.S. did not want to freeze the present situation or give any legitimate status to the Communist regime. The U.S. did not want to encourage the Communist Chinese to think they could seize additional territories without serious risk. He pointed out that the proposed Protocol would give the Chinese Government more latitude than it had under the original 7th Fleet Order of June, 1950. It would continue the existing arrangement for close cooperation between the military authorities on the two sides. However, it was necessary to formalize a provision which would not be subject to possible change with a change of Administration in the Chinese Government. An arrangement was needed between Governments, not between certain officials. He stressed that the U.S. could not be a party to any Treaty which might oblige it to go to war through the operation of circumstances over which it had no control. The situation was dangerous because provocative action taken from Formosa or the off-shore islands might lead to reprisals by the Communists which could bring the Treaty into play. The U.S. must not be drawn in without its consent.

Foreign Minister Yeh said that for psychological reasons his Government had consistently tried to avoid subscribing to any public statement committing it not to invade the Mainland or take part in an anti-Communist adventure without U.S. concurrence. The existing undertaking to avoid offensive action without U.S. consent was absolutely firm but it was secret and needed to be kept so. Arrangements have been made so that any new Foreign Minister or President of China would be fully aware of the unequivocal nature of this commitment. The Chinese people are not prepared for a public renunciation of the nominal right of the Chinese Government to liberate the Mainland. It would be difficult to present a surrender of nominal Chinese independence of action in a form acceptable to the Chinese people. The Chinese Government was in perfect agreement with the substance of the U.S. proposal but would prefer to incorporate it in a confidential exchange of notes. The request for a Protocol was something entirely new and would have to be referred to Taipei. The Chinese Government has always observed the existing commitment scrupulously. They had delayed the counterattack after the Communist shelling of Quemoy for 8 or 9 hours in order to obtain U.S. concurrence, in literal compliance with the understanding. There was nothing intrinsically objectionable in the provisions of the Protocol. It was a mere re-affirmation of an existing understanding. But to make it public in a Protocol would be difficult.

Mr. Robertson felt that there would be no chance of getting a Treaty ratified if it created the possibility of our being drawn into a war without our consent. The same problem had existed as to Korea. In the draft Protocol we had made an effort to build up the prestige of Nationalist China as an equal partner of the U.S. so that the Communists would realize we do not recognize the legal or moral right of the Communists to dominate China. There was nothing in the Protocol to encourage the unfortunate "Two-Chinas" idea or to discourage the hopes of Free China.

Ambassador Koo noted there was no reference in the Protocol to the island territories of the U.S. in the West Pacific. The Chinese Government was given no voice as to activities based on U.S. island territories in the West Pacific, although in principle such activities could affect the security of Formosa and the Pescadores. Therefore there was no reciprocity in the Protocol. There was only a unilateral obligation or restriction on the Chinese Government.

Mr. Robertson pointed out that there were no Chinese forces on U.S. island possessions in the area. There was mutuality all the way through the Treaty. The two essential problems in drafting the Treaty as the U.S. Government saw it were: (1) to avoid giving the Communists encouragement to take territories held by the Chinese Government; (2) to make it clear that the U.S. would not be involved in hostilities where a good case could not be made out that its safety and security of the U.S. were involved. This could be shown as to Formosa and the Pescadores; it could not be conclusively proved to the satisfaction of Congress as to the off-shore islands. At the same time the U.S. wished to keep the Communists guessing as to what the U.S. might do if any free territory were subjected to Communist attack. The language of the treaty served this purpose by specifying that the two parties could agree on any additional action which might seem called for.

Ambassador Koo asked about the distinction between the two areas specified in the draft Protocol. He said he was merely asking for information. He did not understand the scope of, or the reason for the differentiation and what was the necessity for making the restrictions on the use of force apply to the territory of one party without applying to the territory of the other party.

Mr. Robertson said that it would not be appropriate for the U.S. to give the Chinese Government any formal (even though nominal) voice as to U.S. military operations from Okinawa or other U.S. island bases in the West Pacific.

Ambassador Koo acknowledged this was true. He said he was only making the point to illustrate the lack of reciprocity which from the standpoint of appearances was embarrassing for the Chinese Government.

Mr. Robertson observed that in effect the Protocol broadened the Treaty by recognizing Chinese rights over territory it might hereafter bring under its control, and by making possible the use of force by joint agreement.

Foreign Minister Yeh said he assumed that the purpose of the draft Protocol was to ensure that the Chinese Government did not take action from Taiwan which would involve the U.S. in warfare or in diplomatic difficulties.

Mr. Robertson said that the concern was only over possible involuntary involvement in hostilities. The U.S. could not leave open the possibility of provocative action beyond its control which might inevitably lead to U.S. involvement through a Treaty obligation. The Protocol merely formalized an understanding already reached between the two Governments.

Dr. Yeh said that the draft Protocol was properly a part of the implementation of the Treaty. He said he strongly objected in principle to inclusion of implementation provisions in a Protocol. It could be covered through an exchange of letters. Whether a Protocol was an integral part of a Treaty was debated among international lawyers. In any event the proposal was not acceptable to the Chinese Government as a Protocol.

Mr. Robertson felt that there was not the slightest chance of a ratification of a treaty which did not contain the safeguard embodied in the draft Protocol.

Foreign Minister Yeh said he would have to refer this matter to the Generalissimo. Without prejudice and without prejudging the matter he would state that he objected in principle to the substance of the Protocol being embodied in the Treaty or in an annex thereto. He would suggest an exchange of notes, as part of the implementation provided for in Article IV. There would be discussions anyway under Article IV. He said that if the restriction was placed in a Protocol, it would have to go before the Legislative Yuan. This would create grave difficulties for the Chinese Government. By agreeing to the draft Protocol, he would be binding the next President and the next Foreign Minister of China to something which was administrative in character. This was basically unacceptable for precisely the same reasons which the State Department Legal Adviser, Mr. Phleger, had set forth on November 4, when he had explained why the U.S. Government could not agree to any reference in a Treaty to the present orders of the 7th Fleet.

Mr. Robertson said that since the Treaty was purely defensive in character, a Protocol confirming its defensive nature did not seem to be out of order. Under Article VI, the area of inclusion was only Formosa and the Pescadores. The Protocol was favorable to the Chinese Government in that it would leave open the possibility of

the use of force by joint agreement. This provision was certain to be criticized in the Senate and elsewhere. The criticism could not be countered unless there was an explicit provision for use of force only with U.S. concurrence.

Foreign Minister Yeh thought that the draft Protocol would cause more criticism and greater difficulty for his Government. He did not see that the U.S. Government had such a difficult problem with the Senate.

Mr. Robertson disagreed, pointing out that critics could argue that this Treaty could lead to war.

Foreign Minister Yeh thought that Senate confirmation would protect the President's constitutional position and ensure general backing for any action which the Executive might wish to take under the Treaty. He reiterated that his Government wanted the provisions contained in the draft Protocol to take some other form.

Mr. Robertson pointed out that the existing Chinese commitment not to take offensive action without U.S. consent was not formalized. It was stated in very broad and general terms and was only at the military level. The Senate would not accept any understanding between military representatives as a binding governmental commitment. Nor would it take an agreed minute of a conversation with Ambassador Rankin as binding.

Foreign Minister Yeh acknowledged that a Treaty was of more formal character but argued that the existing commitment was firm and remained valid indefinitely.

Ambassador Koo said that apart from the question of the legal propriety of including such provisions in a Protocol, he felt that on political grounds the inclusion of the commitment would be most unwise. He said it would raise a wave of protest and despondence among the Chinese on Formosa and overseas. At present, so far [as] the public was aware Free China had at least the nominal right to reclaim the Mainland. The U.S. so far as the Chinese public knew, could not exercise a veto of this right. The mass of Chinese outside the Mainland lived on the hope of reclaiming the Mainland. Whether the hope was well founded or not, the prospect was a sustaining and motivating force. The vision of a Free Chinese army of liberation was the mainstay of Nationalist China. If you publicly take this away and let all the world see a U.S. leash around the neck of Free China, you have lost something very important. The U.S. as well as China should be worried by such a loss.

Mr. Robertson said he did not see how anyone would read that interpretation into the document. The U.S. has tried to preserve the prestige and the hope of Free China. No reasonable person could misunderstand the help the U.S. is trying to give Free China. The Generalissimo had agreed with the Secretary when the latter

was in Formosa that this commitment was needed and could be given. He recognized that the U.S. would be in an untenable position if it had no control over Chinese ability to start a chain of events leading to war. Yeh asked if there could not be an exchange of letters? He would be willing to sign a formal note as Foreign Minister containing this commitment. He asked Mr. Robertson to convey this request to the Secretary stressing the strong Chinese conviction on this matter. He said he had anticipated that this request might be made by the U.S. He had talked the matter over fully with the Generalissimo before he left Formosa. The Generalissimo had at first been unwilling to give a commitment along this line because technically it would infringe on Chinese rights. But he (Yeh) had talked the Generalissimo into making the commitment. The Generalissimo was willing to confirm the commitment through an exchange of notes, but not in a Treaty.

Mr. Robertson said he would be glad to convey the Foreign Minister's views in full to the Secretary. He understood the Chinese position. He thought that the Treaty would strengthen the hand of Free China. He did not think the understanding as to the use of force would weaken the Chinese position. The commitment needed to be more than a mere military understanding. The U.S. could not go forward with the Treaty on that basis. The U.S. could not negotiate any treaty which did not accord the necessary protection. He recalled that the U.S. is supplying large-scale economic, military and technical aid to the Chinese Government. Everyone knew that the Chinese Government did not have very high capabilities without U.S. assistance. The Treaty would bind the U.S. closer to Nationalist China than ever before. How could the Treaty be regarded as having a weakening effect?

Ambassador Koo said that the Treaty made it clear enough that the U.S. would not fight unless Formosa or the Pescadores were attacked.

Mr. Robertson pointed out that the Protocol opened up a new possibility of the use of force in case of necessity by joint agreement. But the Chinese Government could not have the protection of a Treaty and at the same time have unlimited right to engage in offensive action without U.S. concurrence. An offensive treaty was of course out of the question.

The Foreign Minister said that he would have "an awful time" getting the Legislative Yuan in its present mood to accept anything in the nature of the proposed Protocol. He expressed regret that Mr. Robertson had not brought up the matter of the Protocol in the course of the opening negotiations on November 4. He thought all of the principal ideas of the Treaty had been brought forward at that time and that the full text tentatively agreed on then was

more or less definitive so far as basic provisions went. He had wired the Generalissimo to this effect. The new proposal at the last meeting placed him in a rather embarrassing position.

Mr. Robertson said that the Secretary had drafted this provision as a necessary supplement to the Treaty. Actually in our view it represented a change for the better, from the Chinese standpoint as well as our own.

Dr. Yeh said he was prepared to go to any lengths to comply with U.S. wishes, provided it was done by note.

Mr. Robertson said that he gathered that the Legislative Yuan wanted a free hand to initiate offensive action against Communist China. We could not agree to any treaty which accorded such a free hand. Dr. Yeh said this was not quite an accurate way of putting it. There was an objection to putting in a treaty a clause which on the face of it seemed to restrict the basic Chinese right to reclaim the Mainland. The members of the Legislative Yuan know all too well that the Chinese Government is now helpless to achieve this on its own. China could not and would not act against U.S. wishes. But it was bad psychologically from every standpoint to formalize a recognition of this fact in a treaty document. Dr. Yeh said that the Free China already would be "under wraps" through the provisions of the body of the Treaty. He urged that the U.S. not insist on putting this restriction in a Treaty. The Chinese Government should not be asked to submit something to the Legislative Yuan which it could not defend. An exchange of notes would accomplish the same purpose.

Mr. Robertson asked how binding an exchange of notes would be?

Dr. Yeh said that an Executive agreement is binding on the signatories. The same problem had arisen in the Sino-Japanese Treaty of 1952. [2] The problem had been solved there by an exchange of letters.

Dr. Yeh said he would make it clear in the Legislative Yuan in the hearings if he were asked about action against the Mainland, that the Treaty did not provide for U.S. support. He said that so far the Legislative Yuan has never withheld its ratification from a treaty, but with such a Protocol, the Government would have a difficult time. The Generalissimo would have grave objections, apart from the problem of the Legislative Yuan. His Government was already fully committed to the Secretary of State. His Government had carried out and would continue to carry out scrupulously its commitment not to act without U.S. concurrence. The Chinese Gov-

[2] For text of the Sino-Japanese peace treaty, signed at Taipei, Apr. 28, 1952, and accompanying documents, see *United Nations Treaty Series*, vol. 138, pp. 3–55.

ernment took the commitment very seriously. After talking to the Foreign Minister, the Generalissimo had agreed to withhold, until U.S. permission could be obtained, the Chinese counter action to the Communist shelling of Quemoy on September 3. The Chinese Government had accepted a delay in order to be sure that it had complied with the understanding.

Mr. Robertson said that in the U.S. view the Protocol merely confirmed the understanding already arrived at with the Chinese. He thought the Secretary would be surprised to hear of the misgivings of the Foreign Minister.

Foreign Minister Yeh said that if he had made his reasoning clear, the Secretary should not be much surprised. He hoped that the Assistant Secretary would take the trouble to convey in full to the Secretary the strong views held by the Chinese Government.

Mr. Robertson assured the Foreign Minister that he would do this. The Secretary did not have entirely a free hand since the views of both political parties in the Senate must be considered.

Ambassador Koo said that if the terms of the Treaty were strictly reciprocal on their face, the task of ratification in Taipei would be much easier. Maybe it seemed useless and unrealistic to insist on complete reciprocity, but any Government and people in the precarious position now held by Free China are hypersensitive. It was a serious matter even to seem to take away any of their inherent rights. These rights are a sustaining force.

Mr. Robertson pointed out that the proposed agreement is a joint one all the way through, and that the Chinese Government has the joint right to control the use of any U.S. forces which might be stationed on Chinese territory.

Dr. Yeh said that the Protocol would not give the Chinese Government the right to concur in the use of U.S. forces on islands in the West Pacific under U.S. jurisdiction, although if the U.S. should take offensive action from those islands, Formosa would be endangered. The political effect of the Treaty provisions was more important than its intrinsic terms.

Mr. Robertson remarked that the treaty provisions were not final. They were subject to further clearance on both sides. For instance, we were still awaiting the views of the U.S. Department of Defense.

Dr. Yeh said that he had the authority to agree to the Article which had already been accepted for inclusion. He would have to report to the Generalissimo on the unexpected new American request. He would have to await word from the Generalissimo.

Mr. Robertson mentioned the U.S. political problem and the necessity that the Department be able to answer the questions of critics of the treaty. Congress would not allow the President as Com-

mander in Chief to exercise the sole power to determine the conditions under which we might be drawn into war. It must be remembered that a peculiar condition existed as to China. Technically there was an unresolved civil war in progress. The U.S. Government was undertaking to negotiate a treaty with one side in this civil war. It was impossible to get away entirely from the hazards connected with it. But they must be minimized. It was important that the Generalissimo be informed that the Senate was very jealous of its prerogatives. Agreements of the Executive must not encroach on these prerogatives. The Department must be able to answer satisfactorily the questions which inevitably would be raised in the Senate.

Foreign Minister Yeh said that as soon as the Treaty was signed, the Chinese Government would be willing to institute consultations under Article IV to assure that there would be no offensive action without the U.S. concurrence. He thought the U.S. was well protected.

Mr. Robertson doubted this, since the commitment from the U.S. standpoint might not be formal, permanent or binding. It was not certain whether an exchange of notes would suffice. He could not answer the question off hand. It would have to be studied.

Mr. Robertson remarked that the Chinese Government would have a veto on the use of U.S. forces and bases in Formosa and the Pescadores. they could not be used without Chinese consent.

Ambassador Koo said that the right of the host Government to control the use of foreign forces stationed on its territory was a fundamental attribute of sovereignty and did not need to be confirmed by Treaty. Such a provision did not establish reciprocity. He was looking for a formula which would get around the unilateral limitations on the Chinese Government and maintain the principle of reciprocity, which is well understood. Perhaps this could be done by some reference to U.S. held islands. There were no Chinese troops stationed on those islands, but this was irrelevant to the principle of reciprocity. If the Chinese Government could be given a nominal voice in U.S. actions from bases on U.S. islands, there would be reciprocity.

Mr. Robertson indicated that the U.S. base on Okinawa for example had protective responsibilities for the whole Far Eastern area and it would not be appropriate for the Chinese to ask even nominal control over U.S. actions from there.

Ambassador Koo asked if the U.S. would drop the New Zealand proposal, provided a satisfactory formula restricting Chinese Government offensive action was worked out?

Mr. Robertson answered negatively. The matters were separate. He recalled that the Generalissimo had already indicated that he

might not oppose the New Zealand resolution if it followed an announcement of a treaty.

Dr. Yeh asked if we still had a joint announcement regarding the treaty in mind?

Mr. Robertson said that the leak which had resulted in the Chalmers Roberts story in the *Washington Post* on November 5 had proved exceedingly embarrassing and had upset the U.S. plans regarding an announcement. Nothing was definite. We might work on a draft announcement over the weekend. In the meanwhile, the State Department Press Officer had been instructed to answer inquiries by making a very vague generalized oral statement confirming that treaty negotiations had been going on intermittently over a long period and even still continuing without definite results so far. The leak in the *Washington Post* had been very harmful. The Department was considering the possibility of a very brief skeleton declaration, which might be made jointly, regarding intention to negotiate a treaty. Perhaps such a skeleton announcement could be elaborated on later. But nothing definite could be said now. The Secretary hoped to see some additional Senators shortly and explain the position to them.

Dr. Yeh said that he hoped any statement would avoid the impression that the Treaty might take the place of the 7th Fleet Mission or that the 7th Fleet might be withdrawn.

Mr. Robertson said there would be no reference to the 7th Fleet in any announcement. To mention the 7th Fleet would be going out of the way to create an unnecessary problem.

Dr. Yeh said that he hoped that the announcement would not contain any suggestion that the Treaty would define the territory of the Chinese Government as limited to Formosa and the Pescadores.

Ambassador Koo said he hoped that the announcement would not in any way indicate that the Treaty would place the Chinese Government under U.S. restraints.

At this point the meeting ended, the time having arrived for Dr. Yeh to leave for the airport.

(*N.B.*—A Few hours after the end of this meeting, Mr. Robertson reported fully to the Secretary on the Chinese objections to the draft Protocol. The Secretary said that he wished to go as far as he safely could to respect the wishes and maintain the self-respect of the Chinese Government. He decided that a formal exchange of notes associated with the Treaty would afford the necessary safeguard against provocative action by the Chinese Government. He therefore authorized Mr. Robertson to accept the Chinese proposal to embody the safeguard in a formal exchange of notes rather than

in a Protocol. He authorized Mr. Robertson to inform the Chinese Ambassador to this effect.

Mr. Robertson telephoned Chinese Ambassador Wellington Koo on the afternoon of November 6 and informed him that we would agree to a formal exchange of notes in lieu of a Protocol, the substance of the exchange of notes to be essentially the same as that proposed for the draft Protocol.)

No. 386

793.00/11-654

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy) [1]

TOP SECRET
EYES ONLY

[WASHINGTON,] November 6, 1954—7:30 p.m.

Subject: British Concern re Chinese Off-Shore Islands

Participants: Michael Joy, First Secretary, British Embassy
Walter P. McConaughy, Director for Chinese Affairs

Michael Joy, First Secretary of the British Embassy, called at 7:30 p.m. at his own request. He said that the Embassy had just received a message from the Foreign Office to the effect that the [Deputy] Under Secretary, Sir Harold Caccia, on instructions of the Foreign Secretary had called in the Chinese Communist Chargé on the morning of Saturday, November 6. Caccia told the Chargé the British Government was concerned about the increased military activity around the off-shore islands. Her Majesty's Government foresaw grave dangers unless the Peiping Government acted with great restraint. The two opposing sides might find themselves eventually in a position where their prestige would be so deeply involved that war would be almost unavoidable. Caccia said that H.M.G. wanted to leave the Chargé in no doubt as to U.S. intentions to support the Chinese Nationalist Government fully. This meant that the situation had explosive possibilities. He said that the Foreign Secretary had already discussed the matter with Secretary of State Dulles, and was fully convinced of the firmness of the American position. Hence, he had been directed to request the Chargé to send an urgent message to Peiping in the foregoing sense, conveying the concern of H.M.G. and urging that restraint be exercised.

The Chargé stated that he could not understand the British interest in a purely internal Chinese affair. Caccia said that the Brit-

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[1] Seen by Secretary Dulles, according to a handwritten notation by O'Connor on the source text.

ish concern was to bring about a settlement by peaceful means. Any situation which might lead to hostilities was of concern to H.M.G. H.M.G. had no diplomatic representative in Formosa. There had been conversations with the American Secretary of State, and H.M.G. was ready to use its good offices.

The Chinese Communist Chargé asserted that the Chinese Nationalists recently had made a landing in Fukien Province. He asked Caccia if Peiping "was expected to tie its hands". Caccia replied negatively, but said that both sides should show some restraint.

The Chinese Communist Chargé said that he would telegraph the British views to his Government.

No. 387

794A.5 MSP/11-954

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy)

TOP SECRET
LIMITED DISTRIBUTION

[WASHINGTON,] November 9, 1954.

Subject: Mutual Security Pact—Fourth Meeting

Participants: Dr. Wellington Koo, Chinese Ambassador
Mr. Robertson, Assistant Secretary, FE
Mr. McConaughy, Director, CA

The Chinese Ambassador, Dr. Wellington Koo, called on Mr. Robertson at his own request.

The Chinese Ambassador said that he wished to confirm that his Counsellor, Dr. Tan, had told Mr. McConaughy on November 8, that Foreign Minister Yeh had made certain points as to the proposed exchange of notes, just before he had boarded the plane for Spain in New York on November 6. (See Memo of Conversation between Dr. Tan and Mr. McConaughy dated November 8.) [1] The Foreign Minister thought it was important to sign the exchange of notes on a different day from the signature of the Treaty so that they would not seem to be directly connected. This would avoid difficulties with the Legislative Yuan. It would be preferable if the Chinese Government did not have to submit the exchange of notes to the Legislative Yuan in connection with the Treaty. It was also important that the exchange of notes be treated as confidential so as to avoid embarrassment to the Chinese Government. It was also

[1] Not printed. (793.5/11-854)

important to draft the language of the exchange of notes very carefully so that it would not be offensive to the Chinese. While there was no question about the nature of the commitment, it might be possible to draft language which would be smoother than that contained in the existing draft. He said that the Embassy was working on proposed alternative language and would transmit its draft to the Department in the near future.

Mr. Robertson observed that he did not see any way whereby the commitment could be treated as confidential. It would be necessary to reveal the exchange of notes to the Senate Foreign Relations Committee in order to obtain Senate consent to ratification of the Treaty. Without divulging the general nature of the exchange of notes, it would be impossible to show that adequate precautions had been taken against the possibility of our being drawn into a war situation without our consent. Mr. Robertson said he doubted the possibility of arranging the signature of the notes a week or 10 days after the signature of the Treaty as suggested by the Ambassador. The time element was very important. Some undesirable resolution as to Formosa and the off-shore islands might be introduced into the General Assembly at any time. Also the New Zealand Government might wish to proceed promptly with its proposed resolution. The Generalissimo had emphasized the importance of announcing the Treaty before the New Zealand resolution was introduced. Hence it was important to expedite action on the Treaty. The unfortunate Chalmers Roberts article in the *Washington Post* had forced our hand to some extent. He hoped that progress could be made perhaps even before the return of the Foreign Minister from Spain at the end of the week. The exchange of notes would be an integral part of the arrangements for the Treaty. It seemed it would be necessary to sign the notes at or near the time of signature of the Treaty.

No. 388

793.00/11-954

Memorandum of Conversation, by the Deputy Director of the Office of United Nations Political and Security Affairs (Bond) [1]

TOP SECRET EYES ONLY [WASHINGTON,] November 9, 1954.

Subject: China Item: Consultations with New Zealand

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[1] Approved by Secretary Dulles, according to a handwritten note by O'Connor attached to the source text.

Participants: The Secretary
Mr. Douglas MacArthur, II, Counselor
Mr. Niles W. Bond, UN Political & Security Affairs
Ambassador Leslie K. Munro of New Zealand
Mr. G.R. Laking, Minister, New Zealand Embassy

Ambassador Munro and Mr. Laking called on the Secretary this afternoon to discuss further developments relating to the subject item. Ambassador Munro stated that his Minister for External Affairs, Mr. Webb, had given consideration to the views of Australian Prime Minister Menzies and Foreign Minister Casey regarding the proposed mutual defense treaty between the U.S. and Nationalist China and the proposed New Zealand resolution in the Security Council, but that Mr. Webb was anxious to proceed, "without any delay if possible", with the exercise. The Ambassador said that his Government's view was that the continued absence of diplomatic activity on the subject of the offshore islands increased the chances that the Chinese Communists would persist in their probing activities, with the danger that these activities might at any moment be expanded into large-scale hostilities. Conversely, it was felt that such a development might be headed off if we could get our exercise under way. He added that his Government was very anxious that the divergences between the U.S. and the U.K. on this subject be removed, in order that we could all go forward together.

The Ambassador went on to say that his Government was anxious to know the terms of the proposed U.S. announcement concerning its treaty negotiations with the Nationalist Chinese. He then expressed the opinion of his Government that such an announcement should emphasize as much as possible the defensive nature of the proposed treaty, and that it should be followed without substantial delay by the introduction of the New Zealand resolution. He added that if this were not the case he feared that the consequences might be prejudicial.

The Secretary pointed out that the UK was reluctant to proceed further with the New Zealand resolution until it knew more about the proposed treaty and the form of its presentation. He recalled that the UK representatives had on more than one occasion emphasized that their Government could not finally commit itself to the exercise in question unless and until it felt that our treaty undertaking would be compatible therewith.

With reference to our negotiations with the Chinese Nationalists, the Secretary said that although it had been agreed that the treaty would not include the offshore islands, we were now endeavoring to find a mutually satisfactory formula which would ensure that Chinese Nationalist military activities in defense of those islands

would not prejudice our commitment to defend Formosa and the Pescadores. He said, for example, that we would wish to avoid a situation in which the Nationalist Chinese might send all of their troops to defend the offshore islands, while leaving us to defend Formosa alone; also, he said, we would wish to protect ourselves against a situation in which the Nationalist Chinese, in the name of defending the offshore islands, could engage in military operations of a nature which would provoke a Communist attack on Formosa. The Secretary said that this problem of the relationship of the defense of the offshore islands (which would not be covered by the treaty) to Formosa and the Pescadores (which would be covered) was a particularly difficult one. He added, however, that we hoped to be able to work out the answer to this problem within two or three days, although there was always the chance that it would take more time than that. He said that if this problem could not be worked out to our satisfaction, we would not conclude the treaty, since we could not under any circumstances give to Chiang Kai-shek the power to plunge the U.S. into war with the Chinese Communists. The Secretary said that our difference with the Chinese Nationalists on this point was one more of form than of substance, and that the real difficulty which the Chinese Nationalists faced was the problem of how to present an undertaking along the desired lines to the Legislative Yuan and the Chinese people. He added that there was a substantial measure of agreement between us as to what had to be done, but that the Chinese Nationalists were urging that the self-restraining provisions which we were asking them to agree to be kept secret, at least for the time being, whereas it was our view that such an understanding would have to be made public in view of the necessity of explaining it to the UN, the Senate, and American public opinion in general. This, he said, was the nub of the difficulty. The Secretary said that we had been negotiating with Chinese Foreign Minister George Yeh and Ambassador Koo on the assumption that they were speaking for the Generalissimo, but that we could not be absolutely sure that any agreement which we reached with them would be accepted by the Generalissimo.

For the foregoing reasons, the Secretary expressed the hope that the New Zealand Government could wait a few more days in order to give us time to complete our negotiations with the Chinese. He added that if we could work out an agreement with the Chinese Nationalists along the lines which he had outlined, he was confident that the UK could go along with us, unless the UK insisted on assuring itself of the prior approval of the Chinese Communists. In the latter connection, Mr. MacArthur recalled that the UK representatives had indicated that they might not be willing to go along

with any procedure unless they were sure that the Chinese Communists would not oppose it. He said that if they insisted on this point of view, the whole exercise would be frustrated. Ambassador Munro remarked that the UK representatives had denied that this was in fact their Government's position. The Secretary reiterated that if we could persuade the Nationalist Chinese to accept our formula for meeting the one outstanding point at issue, he believed the UK would be able to go along with us.

No. 389

493.009/11-954: Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

SECRET
PRIORITY

WASHINGTON, November 9, 1954—8:16 p.m.

2598. Excon. Reference Deptel [*London telegram*] 2264, rptd Paris Topol 84. [2] Makins raised with Stassen again yesterday timing China trade policy talks. Stassen stated US would not be prepared hold discussion until after internal policy review concluded; gave no indication when this stage would be reached, but expressed hope for early conclusion.

Embassy checked later with MDAC and State for clarification. Was informed US Government currently reviewing at high level entire China picture. Trade policy obviously is affected by general posture US will take (or reaffirm) against Communist China. US is expediting policy review and will inform UK as soon as prepared for exploratory meeting. Stassen and Makins agreed French should probably be included at early stage of these discussions.

Embassy should present above views to FonOff order clarify situation soonest.

DULLES

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[1] Repeated to Paris for the Special Representative in Europe.

[2] Telegram 2264 from London, Nov. 8, reported that the Foreign Office had inquired when the United States planned to begin discussions with the United Kingdom concerning multilateral trade restrictions against the People's Republic of China. (460.509/11-854)

No. 390

793.00/11-1054: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State [1]

TOP SECRET TAIPEI, November 10, 1954—7 p.m.

338. Limit distribution. Deptel 278.[2] Last paragraph reference telegram not clear to Embassy, MAAG or CINCPAC as regards how to identify any given case of Communist "reaction" as resulting directly from instance of Nationalist "retaliation". As worded this paragraph could be interpreted by GRC as opening door to writing off Formosa whenever US chose to consider any particular Communist attack on this island as having been provoked by some Nationalist action. Also unclear is significance of "further" employment of Seventh Fleet.

In transmitting substance of referenced paragraph to GRC, as instructed, it is proposed simply to make clear that US will be free to take any course of action it sees fit in event of GRC air attack against Communist targets undertaken without prior American concurrence.

RANKIN

[1] A copy of this telegram was seen by Secretary Dulles, according to a handwritten note by O'Connor attached to the source text.

[2] Document 381.

No. 391

793.5/11-1054

Memorandum by the Counselor (MacArthur) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

TOP SECRET [WASHINGTON,] November 10, 1954.

In the light of the Secretary's discussion this morning with the Far East Subcommittee of the Senate Foreign Relations Committee, he believes there should be a change in Article V of the Treaty. This change is:

"on the territories of either . . ."

should be changed to

"directed against the territories of either . . ." [1]

It is my understanding that you can pass this suggested change on to the Chinese Ambassador whenever you think it is tactically the best moment to do so.

MACA

[1] The only U.S. draft treaty of this period found in Department of State files, headed "Final Draft" and dated Nov. 10, includes the wording "directed against the territories of either." (793.5/11-2254) Except for minor textual changes, the draft is identical to the substantive part of the final text of the treaty, signed at Washington on Dec. 2, 1954; for text of the treaty, see 6 UST 433; TIAS 3178.

No. 392

794A.5 MSP/11-1254

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy) [1]

TOP SECRET
LIMITED DISTRIBUTION

[WASHINGTON,] November 12, 1954—3:45 p.m.

Subject: Negotiation of Mutual Defense Pact—Fifth Meeting

Participants: Dr. Wellington Koo, Chinese Ambassador
Dr. Tan, Minister, Chinese Embassy
Mr. Robertson, Assistant Secretary, FE
Mr. McConaughy, Director, CA

Ambassador Koo called at Mr. Robertson's request to discuss the Chinese counter proposal as to the language of the proposed exchange of notes in connection with a Mutual Defense Pact. [2] Mr. Robertson said the Chinese draft amounted to a suggestion that the Chinese Government be given joint control over the use of American forces stationed on the U.S. islands in the West Pacific. He wondered if the Chinese seriously intended to take this position. The Ambassador had been asked to come in before the Chinese draft was transmitted to the Department of Defense to make sure that he actually wished to put forward this suggestion. Mr. Robertson observed that there were no Chinese forces stationed on any of the islands in the West Pacific under the jurisdiction of the U.S.

[1] Initialed by Robertson, indicating his approval.

[2] The Chinese counterproposal, delivered to the Department on Nov. 11, stated that the use of force by either of the parties to the treaty from any of the territories referred to in Article VI would be a matter of joint agreement, subject to emergency action which was clearly an exercise of the inherent right of self-defense; it further stated that the Republic of China effectively controlled both the territory described in Article VI and "other territory" and possessed with respect to all territory now and thereafter under its control the inherent right of self-defense. (793.5/11-1154)

Hence the situation was not the same as on Formosa where U.S. forces could be stationed under the Treaty. He pointed out that U.S. forces stationed on Formosa pursuant to a Treaty could only be used by joint agreement. This provided reciprocity. He felt sure that the U.S. military authorities could never agree to the Chinese Government or any other foreign government being given a veto power over the use of U.S. Forces on U.S. islands in the West Pacific, under its jurisdiction. Reciprocity was established if the two countries exercised joint control over the use of forces based on areas where they had military forces in common. Formosa was the only place where this situation was envisaged. Mr. Robertson said he would regret to see the Chinese proposal submitted for serious consideration since he felt sure it was so unacceptable it would prejudice its case.

Ambassador Koo said that Okinawa was within the treaty area. He felt that the use of force from Okinawa could directly affect the security of Formosa. In principle, there was the same reason for the Chinese to be concerned with U.S. operations from Okinawa as for the U.S. to be concerned with Chinese operations from Formosa. In order to establish real reciprocity there should be a mutual obligation on the two parties to consult as to the use of their forces throughout the area defined by the treaty. However, it was only the appearance of reciprocity which the Chinese Government was really concerned about. The Chinese Government, of course, would not expect to interfere with the use of U.S. forces on West Pacific islands. The Government did entertain some anxiety as to the effect on the Chinese public of a treaty which on the face of it seemed to be one-sided.

Ambassador Koo mentioned an editorial in a Hong Kong Chinese paper of independent editorial policy, the *Kung Shan Jih Pao,* based on a November 5 Reuters dispatch from Washington, which he summarized as follows:

If the Chinese Government agrees not to undertake any operations against the Mainland, this would have the most serious repercussions, both politically and militarily. The effects on the prestige of both the Republic of China and the United States would be most undesirable. It would imply an acceptance of the right of the Peiping regime to remain in possession of Mainland China, and would embolden Communist China to pursue a more aggressive course in Southeast Asia. It would tend to confirm that U.S. assistance to Nationalist China was extended solely for the purpose of maintaining a strong U.S. military position on Formosa. It would be a deadly blow to the hopes of all people who are behind the Communist curtain. If the U.S. is motivated principally by a desire to avoid any conflict with Communist China, a revelation of this attitude through a treaty would tend to bring about the very situation of danger which the U.S. seeks to escape. A freeze of the

present situation of free China would encourage the Chinese Communists and would result in the two hostile sides confronting each other indefinitely with no prospect of solution. Peiping is strongly opposed to the neutralization of Formosa or a UN trusteeship for Formosa. Any Treaty which made a distinction between Formosa and the Mainland would tend to confirm Peiping's charge of U.S. alienation of Formosa from Mainland China. Restrictions against the Chinese Nationalist Government cannot serve U.S. interests. The anti-Communist objectives of the Nationalist Government cannot be confined to the defense of Formosa. If this is done the Chinese Nationalist Government and its people on Formosa become merely the instrument of U.S. purposes as a link in the Asian offshore island defensive chain of the U.S. The Chinese Government should not blindly accept U.S. wishes in this matter. China had followed U.S. policy after World War II and it resulted in the loss of the Mainland. If such restrictions are insisted upon, it would be better not to have a Treaty.

Ambassador Koo said that this article of course was not a statement of the official Chinese view, but it represented a point of view which needs to be taken into account.

Mr. Robertson said that the writer of this article was under a misapprehension. He had written the article on the basis of distorted reports, probably growing out of the Chalmers Roberts article. There was no point in getting involved in press speculation based on erroneous premises. The press leaks had created quite a problem. A *Collier's* correspondent had said that Foreign Minister George Yeh briefed Washington correspondents fairly fully at the Chinese Embassy around November 3.

Ambassador Koo confirmed that there had been a dinner for the press at the Embassy residence on November 3 but he denied strongly that the Foreign Minister had revealed any classified information as to treaty negotiations. There was no formal question and answer period. It was merely an informal social affair. Foreign Minister Yeh had avoided all leading questions. However, Ambassador Koo admitted the discussion period with the press had gone on for 45 minutes after the dinner and that Chalmers Roberts had stayed on for an additional chat after the other correspondents left. Foreign Minister Yeh stuck closely to what the Secretary had said in his press conference. One of the correspondents had complimented Foreign Minister Yeh for his cleverness in "saying a lot without revealing anything".

Mr. Robertson said we had not known before that the Foreign Minister had met the press in this way. It was probably unfortunate that the meeting had taken place. Any publicity was undesirable at this time. Already, misguided editorials based on fragmentary and partly incorrect information are beginning to influence public opinion.

Ambassador Koo said that the reference in the U.S. draft note [3] to "disposition of forces" was giving some difficulty to the Chinese Government. Joint control over "disposition of forces" between Formosa and the off-shore islands had not been proposed in the earlier stages of the negotiations.

Mr. Robertson said that we were concerned with the disposition of forces which might be involved in offensive actions over which we had no control. If the lack of provision for any Chinese control over U.S. forces on Okinawa created a problem for the Chinese Government, we would be willing to eliminate all reference to the U.S. islands of the West Pacific in the Treaty. We thought that reciprocity was established; it was a mutual defense pact and mutual meant reciprocal. Free China benefited from all the efforts of the U.S. to defend the Free World. Formosa was involved in unresolved civil strife and was in imminent and constant danger of attack. The situation was different from that in other countries covered by defense pacts. The arrangements needed to be somewhat different.

Ambassador Koo said he had received a telegram from the Generalissimo on the night of November 11. Apparently the Generalissimo did not object to a U.S. veto on the use of Chinese Nationalist armed forces, but he did emphasize that it was essential to use the same language in reference to U.S. armed forces in the treaty area. This was necessary in order to satisfy the Chinese people that the sovereign equality of their Government had been maintained.

Mr. Robertson said that we could not use U.S. forces which would be stationed on Formosa without Chinese consent any more than the Chinese could use their forces without U.S. concurrence. There was reciprocity. In order to make the treaty more responsive to the needs of the situation and the wishes of the Chinese Government, the U.S. was volunteering to make a change in Article V, substituting "an armed attack in the West Pacific area *directed against* the territories of either of the parties" for "armed attack . . . *on* the territories. . . ." [4] This would broaden the provisions of the article by making it clear that a Communist attack on territory other than Formosa was covered if such an attack appeared to be eventually aimed at Formosa and the Pescadores. The chief difficulty was how to make some provision for the off-shore islands. This language represents an attempt to give some coverage to the off-shore islands and to keep the Communists guessing as to what U.S. intentions are as to the off-shore islands. The Defense Department appeared to be willing to accept these broadened provi-

[3] The draft note under reference has not been found in Department of State files.
[4] Ellipses in the source text.

sions. But its reaction to the latest Chinese proposal would be another matter.

Ambassador Koo said the Generalissimo had no intention of vetoing the use of U.S. forces on Okinawa and Guam. He merely wanted the reciprocal provisions for appearance's sake in order to forestall the wave of discontent, despair and criticism which would come from a unilateral restriction against Nationalist China. Ambassador Koo thought at the very least the reference in the U.S. draft note to "military dispositions" could be eliminated.

Mr. Robertson pointed out that we would be involved with the Chinese in the defense of the treaty area. The U.S. would have major responsibilities. If nearly all Chinese troops could be moved to say, Quemoy, leaving few Chinese forces to defend Formosa, the U.S. in principle might be compelled to bring in U.S. infantry to defend Formosa. Such a necessity of course should never arise, and even though the possibility was remote, it seemed appropriate for the treaty to recognize the vital interest of the U.S. in the disposition of Chinese forces in an area for the defense of which we have joint responsibilities. The Treaty should realistically cover all contingencies so far as possible, even if they were remote. The Chinese Nationalist military strength was small compared to that of the Chinese Communists. Both the U.S. and Chinese Governments should work for the best disposition of available forces to meet the threat.

Ambassador Koo thought the off-shore islands commanded the invasion routes from the Mainland to Formosa and greatly decreased the danger of attack so long as they were held by the forces of his Government. Mr. Robertson questioned this, pointing out that an invasion attempt could bypass the off-shore islands, and that the off-shore islands could not eliminate the threat of air bombing of Formosa.

Ambassador Koo said that his government desired reciprocity and an elimination of formal U.S. control over Chinese Government military actions, mainly for political reasons. In practice the U.S. had ample controls through the presence of the MAAG Mission on Formosa and control over the supply of practically all the essentials of war. There were many practical ways in which the U.S. could restrain the use of Chinese forces. Since any Chinese Mainland operation without U.S. support in practice was out of the question, it was unnecessary to invoke diplomatic language for this purpose.

Mr. Robertson remarked that the matter of military dispositions was fundamental. Provocative actions could involve the U.S. in war.

Ambassador Koo said that other provisions of the treaty and the exchange of notes adequately controlled the use of force. The reference to "military dispositions" within Chinese held territory was superfluous.

Mr. Robertson said that the U.S. could not renounce its exclusive control over its forces stationed at a vital base such as Okinawa which had been won from the Japanese in World War II by U.S. arms at terrible cost in U.S. blood and treasure. It was impossible for us to give up our freedom of action in this area as requested by the Chinese Government. Some alternative language would have to be sought.

Ambassador Koo reiterated that his Government did not wish actually to claim the right of veto on the use of U.S. forces in Okinawa.

Mr. Robertson pointed out that the language proposed by the Chinese would provide precisely for this, and oral disclaimers of course carried no weight. The U.S. would be willing to strike out all reference to the U.S. territories in the West Pacific if this would make the exchange of notes more acceptable to the Chinese. We had thought that the reference to U.S. territory would give more of an aspect of mutuality to the treaty, and would be very welcome to the Chinese. If we were wrong, we would like to be informed, so that the treaty could be made applicable solely to Formosa and the Pescadores.

Ambassador Koo said that his Government of course welcomed the inclusion of U.S. territory in the West Pacific in the provisions of the Treaty and did not want the references to U.S. territory taken out of the Treaty. He did hope that Mr. Robertson would recommend to the Secretary of State deletion of the reference to "military dispositions".

No. 393

FE files, lot 64 D 230, "Operation Oracle"

The British High Commissioner in India (Clutterbuck) to the Commonwealth Relations Office [1]

SECRET [NEW DELHI,] November 10, 1954.

QUEMOY AND FORMOSA

I had an hour with Prime Minister yesterday evening and explained present position to him using arguments developed in your recent telegrams.

2. Prime Minister took this explanation calmly but said that the situation was clearly a delicate one. Formosa had, of course, been one of the main topics raised by the Chinese during his talks in Peking. It was the only topic on which they had shown themselves (?excited) [*sic*]; on all other issues they had been quite calm and dispassionate. Beyond urging restraint he had not offered advice but he had, he thought, gained an insight into their thinking.

3. In the first place he said one had to go back to the Truman Declaration of 1950. This, in effect, "froze" Formosa since under it the United States 7th Fleet had the duty both of protecting Formosa from attacks from the Mainland and also of preventing the Mainland being attacked from Formosa. This order was, however, changed by Eisenhower who relieved the 7th Fleet of the second of these duties, thus in effect letting Chiang off the leash and enabling him to harry the Mainland from his United States protected base. It was hardly surprising that the advantage taken by Chiang of this one-sided state of affairs had aroused the deepest indignation and resentment. "Taiwan" had now become an emotional rallying cry throughout China.

4. The question, Nehru continued, really fell into two parts:

(1) Quemoy and the Coastal Islands;
(2) Formosa itself.

As regards (1) Chinese had told him that some 34 islands were concerned and had shown him a map of the area indicating the use made of them by the K.M.T. for nuisance raids and interference with shipping. Chinese had carefully listed and tabulated the various incidents that had taken place and he had been interested to

[1] The source text, a typewritten copy, headed "Telegram from the United Kingdom High Commissioner in India to the Commonwealth Relations Office, dated November 10, 1954," bears a note in McConaughy's handwriting stating that it was delivered by Michael Joy at 5 p.m. on Nov. 12 with the request that it be treated as "Eyes Only" for the Secretary.

see that of the oceangoing ships interfered with the great majority had been British. There had also been a certain number of droppings by parachute on the Mainland and the Chinese said that they had captured 15 Americans who had landed in this way. Air sorties were of common occurrence and his own plane had been diverted inland in order to avoid risk of a chance encounter.

5. Chinese were thus faced with continuing pin-pricks and irritations of cumulative effect and he had the definite impression that they were determined not to tolerate this situation any longer. On the other hand he was equally sure that they had no intention of "doing anything big". In other words their aim was to get control of the Coastal Islands, but they would certainly not wish to get embroiled over Formosa itself since they knew very well that any attack on Formosa would lead to war.

6. As regards Formosa itself he thought their thinking was quite realistic. They did not expect Chiang to disappear overnight and realised that it would take time to achieve restoration of Formosa to Chinese sovereignty. He thought that they would be quite prepared to wait for some break in events which would open up chance of settlement. They (?were) [*sic*] accustomed to think in longer terms than most people. (For instance, in discussing economic prospects Mao had told him that they had sketched out four 5-year plans and that after the fourth—i.e. after 20 years—a foundation would have been laid for a solid socialist economy.) But one thing they would never do, namely to enter into any sort of discussion or negotiations which would involve treating Chiang on equal terms, or admitting even indirectly that he had any right at all to be lording it in Formosa.

7. Thinking aloud against this background Prime Minister said that idea of a United States Defence Treaty with Chiang, if accompanied by declaration making it clear that there would be no further attacks on the Mainland (thereby putting paid to Chiang's hopes and showing the world that he was on his way out), might have much to commend it. Trouble was, however, that Chinese would never believe such a declaration, especially after the change of United States policy over the Truman Declaration, they would immediately suspect a ruse to bolster Chiang's position and their reaction would certainly be fiercely resentful. We should, therefore, have to expect a violent outcry and a new spate of abuse. In his view even the most careful explanations beforehand (which would, of course, be very necessary) would not avoid this result. He thought, however, that when with the passing of time, it was seen that the declaration really meant what it said and that attacks on the Mainland no longer took place these reactions would die down and the Chinese (though they would never admit it) would adjust

themselves to the position with some relief. He felt therefore that, provided we were prepared to face the dangers of the initial outburst of indignation and see it through, the step might prove in the long run a useful one. But clarity over the initial declaration (i.e. in regard to the cessation of attacks on the Mainland) would be of prime importance.

8. As regards Quemoy and coastal islands, while not feeling sanguine that reference to the Security Council would achieve the results looked for, he appeared to agree that the exercise would be worth trying, the Chinese, he said, often did the unexpected thing, and in spite of indignation over the Treaty proposal they might well decide that it would be in their best interests to send spokesmen to New York, as they had done once before.

9. I told him of our own representations to the Chinese and expressed hope that he would similarly feel able to use his influence with them with a view to the lowering of the present tension. He replied that he had already done his best in this direction. He was similarly noncommittal when I said that the Foreign Secretary would hope for his support when the time came to explain the Treaty proposal etc. to the Chinese. But he was clearly deeply interested and I should think myself that, provided initial United States statement lives up to our expectations of it, he will be prepared to help. It is evidently the cardinal point in his mind that it should be unmistakably clear from the outset that the defence treaty is only to be entered into on condition that there will be no further attacks on the Mainland. Without this, the whole operation, which will be delicate enough in any case, would, he feels, be doomed to failure and land us all in a very dangerous position.

No. 394

794A.5 MSP/11-1654

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy) [1]

TOP SECRET [WASHINGTON,] November 16, 1954—2:30 p.m.
LIMITED DISTRIBUTION

Subject: Mutual Defense Treaty—6th Meeting

Participants: Dr. George Yeh, Chinese Foreign Minister
Dr. Wellington Koo, Chinese Ambassador
Dr. Tan, Minister, Chinese Embassy

[1] Revised and initialed by Robertson.

Mr. Robertson, Assistant Secretary for Far Eastern Affairs
Mr. McConaughy, Director, Office of Chinese Affairs

Mr. Robertson welcomed Foreign Minister Yeh back from Spain. He said he thought some progress had been made with Ambassador Koo in the Foreign Minister's absence. He hoped that we could quickly clarify any remaining points at issue and proceed rapidly to a conclusion of the negotiations. He thought that the latest draft exchange of notes, which we had delivered to the Chinese Embassy on November 14, [2] would serve the purpose of keeping the Communists in the dark as to the scope of our commitment, while providing for the necessary joint agreement between the two parties.

Dr. Yeh said he feared that not much progress had been made. That was his feeling after going over the situation with Ambassador Koo upon his arrival the preceding evening. He said that his Government would want any reference to disposition of forces omitted from the exchange of notes. A difficult problem had been created for the Chinese Government when the U.S. had suddenly brought up the matter of a protocol, after presumably full preliminary agreement had already been reached on the text of the Treaty.

Mr. Robertson said that the issue of joint agreement was not new. It had been basic to every discussion of a Treaty. The need for a provision along this line had been recognized by the Generalissimo when Secretary Dulles was in Formosa in September. It had been recognized again by the Generalissimo when he (Mr. Robertson) was in Formosa in October. There never had been any disagreement on this score. The existing understanding about obtaining U.S. concurrence for offensive action is informal. There is a need to make the arrangement formal and official.

Dr. Yeh said that he felt the same ground was covered elsewhere. It had long been informally understood that there would be no large scale military action without U.S. agreement. But a restriction on the disposition of Chinese forces within Chinese held territory went beyond any existing commitment. The Chinese Gov-

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[2] The U.S. draft under reference, dated Nov. 12, is attached to a Nov. 14 memorandum of conversation by McConaughy; it reads as follows:

"The Republic of China effectively controls both the territory described in Article VI and other territory and it possesses with respect to all territory now and hereafter under its control the inherent right of self-defense. In view of the fact that the use of force from either of these areas by either of the parties affects the other, it is agreed that such use of force will be a matter of joint agreement, subject to action of an emergency character which is clearly an exercise of the inherent right of self-defense. Military elements which are a product of joint effort and contribution by the two parties will not be removed from the territories described in Article VI without joint approval." (794A.5 MSP/11-1454)

ernment did not object to a provision for joint agreement as to use of force. But the restriction on the disposition of forces introduced an entirely new element. The Chinese Government considered it uncalled for. The U.S. had sufficient control through the provision for joint agreement on use of force. The U.S. should be satisfied with these explicit assurances. He could not see the need for introducing an "extraneous element" now. If the U.S. had brought up this point earlier in the negotiations, before preliminary agreement had been reached on the language of the treaty, the problem could have been handled with less difficulty and more expeditiously. Apparently the Secretary had thought of this point after the initial negotiations had been finished. This was unfortunate, but it was nobody's fault. In any event, was it not a fact that U.S. requirements were well covered by the restrictions elsewhere on the use of force by the Chinese Government without U.S. agreement? The limitations on the disposition of Chinese forces would get the U.S. involved in undesirable details of routine Chinese troop orders. Under the terms of the U.S. draft, the Chinese Government could not send five soldiers to Quemoy as replacements without joint governmental approval. He thought Mr. Robertson would appreciate that no Chief of State would like to have his power to deploy his forces within his own territory limited in the way that the U.S. proposed. He felt that the U.S. control over unapproved Chinese military actions was already airtight. Perhaps it was just a matter of drafting the right language. In any event he hoped that Mr. Robertson would ask the Secretary to leave out any reference to disposition of Chinese forces as between Formosa and the off-shore islands. Perhaps the Chinese Government could accept the substance of the remainder of the draft note.

Mr. Robertson said that the treaty envisaged joint operations in defense of the territory included. The arrangement should be as permanent as possible and should not have any reference to specific individuals or officials. We might be certain that there is no need for any additional safeguards in the present situation, but the treaty language should, so far as practicable, provide for the future when the current officials are dead and gone. He could not see how provision for joint agreement as to disposition of forces constituted any infringement of Chinese sovereignty or any affront to Chinese prestige. He recalled that in World War II the forces of many nations on the allied side had been deployed by mutual agreement and were not under the exclusive control of the country to which they belonged. A joint effort and joint responsibility called for joint agreement. There was no reflection on either of the parties. If Formosa were attacked, the matter of the disposition of Chinese forces as between Formosa and the off-shore islands would be a matter of

vital importance to the United States. To take an extreme and admittedly remote possibility, the bulk of Chinese forces might be stationed on Quemoy, the Tachens and Matsu at such a time. This would create a serious problem for the United States.

Dr. Yeh said that this was hypothetical and would be inconceivable in practice. He could not see the necessity for basing an exchange of notes on such an unrealistic contingency.

Mr. Robertson said we wanted reasonable terms of reference and reasonable language. We did not want to hamper necessary Chinese military arrangements. Quite the contrary. But the commitment we would be making under the treaty was tremendous, and would make the treaty unpopular in some U.S. quarters. He did not think it was unreasonable to give the U.S. some voice when under the treaty we might have to come into a very difficult situation to assist the Chinese Government. Joint agreement seemed to be appropriate under the circumstances.

Foreign Minister Yeh said he would agree that the deployment of forces on the island of Formosa would be a matter of common concern under the treaty. But the final sentence of the draft concerned the garrisoning of the off-shore islands. The U.S. assumed no responsibility for the defense of these islands. It was solely a Chinese obligation. Yet the U.S. wished to exercise a control over the disposition of troops necessary for the discharge of this Chinese responsibility. The Chinese Government was grateful for the right of self-defense contained in the latest U.S. draft. But the restrictions on the movement of troops to the off-shore islands made it impossible for the Chinese Government to be assured of a free opportunity to exercise effectively the right of self-defense on the off-shore islands. It was not appropriate for the U.S. to ask for joint control of movement of forces to the off-shore islands when it had no responsibility as to the defense of those islands. If the islands came under heavy attack, it might take several days to get the necessary clearance from Washington before retaliatory action could be taken. This delay could be very serious. The Chinese Government had to wait for seven hours for the necessary U.S. clearances before it could respond to the attack on Quemoy on September 3.

Mr. Robertson agreed that it was bad for the Chinese Government to lose valuable time after a Communist attack while seeking a Washington clearance. It was his thought that U.S. military commanders in the field might be authorized to give the necessary clearances promptly. He thought the proposed arrangement might be better than the existing one.

Foreign Minister Yeh said he still could not see the need for the final sentence of the draft note. The note would be less objectionable if it merely stipulated that "forces adequate for the defense of

Formosa" must be stationed on Formosa at all times. He said he would like to know what the thinking was back of the U.S. proposal—the motivation, the "arriere pensee"—so that he could perhaps seek less objectionable language which might meet the U.S. requirements.

Mr. Robertson said that our thinking had already been explained. We were thinking in long range terms and wanted protection in a situation which might be different from that of today. The Secretary has praised the Generalissimo in high terms and had called him a great ally who has stood steadfastly with the U.S. for many years. But language is needed which would afford adequate protection after the Generalissimo's time. In theory the Chinese Government could now by its own independent decision move all its forces and equipment to the off-shore islands. We had to envisage a possible situation where we would be at war, and bearing the major share of the free world responsibility. We would need to be sure that Formosa would not be more or less stripped of Chinese forces without our concurrence. We were aware of the importance of "face" considerations to the Chinese Government. It was farthest from our thoughts or wishes to reflect in any way on the Chinese Government. If we were indifferent to these considerations we would not be making a treaty at all.

Ambassador Koo thought that if the question at issue was only removal of troops from Formosa to the off-shore islands, it ought to be possible to work out satisfactory language.

Mr. Robertson agreed and said that we wanted complete reciprocity of language. We were two allied sovereign nations entering into a voluntary association as partners and equals. We did not want any implication of lack of equality. It was our desire and objective to treat the Chinese Government as an equal and draft the treaty on a strictly equal basis. We also wanted to keep the Communists guessing as to how far the treaty commitment extended. The Secretary himself had decided that the original language of Article V was too narrow and should be broadened to read "attack directed against" instead of "attack on". We wanted to accomplish something through the treaty negotiations, not to obstruct accomplishment.

Foreign Minister Yeh mentioned the sinking of the Chinese destroyer escort *Tai Ping* by Communist torpedo boats on November 14. He said that this event had made the situation more acute and makes the Chinese more sensitive to any limitation on Chinese freedom to carry on rescue and support operations on and around the off-shore islands. The Generalissimo had pointed out that he had already given explicit commitments to the U.S. as to offensive operations.

Foreign Minister Yeh said that under the proposed language the Chinese Government would be required to give up—or at least circumscribe—its right to send troops to the relief of the off-shore islands. It is true that the troops in question are trained with MAAG help and are largely U.S. equipped and supported. But the Chinese must have the right to use these troops for self-defense in the off-shore islands as well as on Formosa. The Foreign Minister said he was ready to formalize the existing commitment to the U.S. but the new proposal amounts to more than the existing commitment.

Mr. Robertson asked if the Foreign Minister could suggest any language which would meet the Chinese objections while taking care of the essential U.S. requirements.

The Foreign Minister then submitted a new Chinese draft of a proposed exchange of notes, providing that "the use of force involving a major operation by either of the parties will be a matter of joint agreement". A copy of the Chinese draft is attached. [3]

Mr. Robertson observed that the Chinese draft did not define the term "major operation".

Foreign Minister Yeh said as he understood it, the Department wanted language which would prevent the Chinese Government from removing all its troops from Formosa.

Mr. Robertson said he didn't think it was necessary to state the problem in the most extreme context.

Foreign Minister Yeh thought that suitable language could be found if it referred only to the deployment of troops within Formosa. But his instructions from the Generalissimo were very clear to object to any restrictions on the Chinese disposition of forces between Formosa and the off-shore islands. He thought that perhaps agreement might be reached on a provision for keeping certain specified forces on Formosa as a minimum. The Generalissimo had developed a definite aversion to any interference with the stationing of forces on the off-shore islands.

The Foreign Minister mentioned that the Chinese Government had just submitted a new plan to the U.S. Government calling for joint support of enlarged military forces, Army, Navy, and Air. [4] This would include extraordinary expenditures for an immediate reorganization of the Chinese forces in accordance with a new plan. He said the Chinese Government also hoped for immediate allocation by the U.S. to the Chinese Government of two more DD's and two more DE's. This would greatly bolster morale and would effectively offset the anxiety created by the operations of the new Communist torpedo boats. The Chinese Government now has only five

[3] Not printed.

[4] See footnote 1, *infra*.

DE's. This is not sufficient to cope with the enlarged Communist Naval capabilities in the area.

Mr. Robertson said that there was an urgent responsibility on both sides to seek mutually acceptable language for the draft note as soon as possible. It was a joint problem. The U.S. Government did feel that when it assumed a commitment to help in the defense of Formosa, it was reasonable to ask that the forces on Formosa be disposed by joint agreement of the two parties.

Foreign Minister Yeh said that it was the restriction on the removal of troops from the Treaty area to the area not covered by the treaty which caused the difficulty. If we were only concerned about disposition of forces within Formosa and the Pescadores, he thought he could accept that, and he would endeavor to persuade the Generalissimo to accept it. The Legislative Yuan would certainly cause difficulty over the present final sentence of the draft note. The members would ask if the treaty and the added commitment in the note as to use of force were not sufficient to establish that the free Chinese could not go back to the Mainland "without a nod from the United States". The additional provision pinned the free Chinese down unnecessarily.

Mr. Robertson said the thought was not to pin the Chinese down, but to provide for consultation and joint agreement.

Foreign Minister Yeh said that joint agreement as to the disposition of forces stationed on Formosa under Article VII was agreeable. It was the interference with the necessary flow of troops between Formosa and the off-shore islands which was questioned.

Mr. Robertson pointed out that the U.S. has made, and is making, a heavy investment in the training, equipping and supplying of Chinese forces. It hardly seemed fair for the Chinese to have a completely free hand to move these forces out of the treaty area without any regard for the U.S. viewpoint. The Department of Defense after some earlier questions has now agreed to the text of the treaty and draft note as it stands. It cannot be said how they would react to a revision. He hoped that the Foreign Minister would cause the Generalissimo to understand that it was a real problem for the United States. In an emergency full cooperation and joint action would be necessary. The element of consultation cannot be removed.

Foreign Minister Yeh said that before he left Formosa he was twice asked by the Legislative Yuan if the U.S. Government had advised the Chinese Government to abandon the off-shore islands. He had replied "not to my knowledge". Admiral Stump had said that the off-shore islands do have military value, of varying degree. The Foreign Minister said he did not want to give the impression

in his reports that the U.S. was indifferent to the importance of the retention of the off-shore islands by the Chinese Government.

Mr. Robertson said that any such impression would be false and certainly should be avoided. The U.S. considered the retention of the principal islands important and had encouraged the Chinese Government to hold them. The U.S. had been very careful to keep the Chinese Communists in the dark as to the action we would take if the islands were attacked. We certainly did not want to give the Chinese Communists the impression that we were willing to write off the off-shore islands.

Dr. Yeh said that to be realistic, the military value of the Tachens seemed to him to be somewhat doubtful. From a military standpoint Quemoy was a different matter. From a political and psychological standpoint, they were both of utmost importance. The Chinese Government must not again yield anything to the Communists. The Chinese Government must put up a valiant fight for every inch of free soil. The resolve of the Chinese to fight must be clearly proved. The Chinese Government was willing to sacrifice lives if necessary in defense of the islands. If the free Chinese showed irresolution, morale would collapse and the structure of free China would fall.

Foreign Minister Yeh said that he saw the U.S. viewpoint and that he and the Ambassador would work hard overnight on language designed to meet both the U.S. and the Chinese requirements. It was agreed that another meeting would be held on the following day [5] in view of the importance attached by both sides to early agreement. The Foreign Minister said he would stay in the United States as long as necessary to conclude the negotiations.

Afterwards the Foreign Minister said he understood Mr. Robertson had been disturbed by reports of the dinner given by the Chinese Ambassador and the Foreign Minister for the Press on November 3, after which the correspondents had asked the Foreign Minister a number of questions regarding a treaty and other matters.

Mr. Robertson said that he had been informed by a correspondent who was there that the Foreign Minister had talked fairly freely about the treaty. This was a matter of surprise to us since we had gone to great lengths to treat the matter as absolutely top secret and had followed the difficult course of refusing to give the Press any information.

Foreign Minister Yeh said he wanted to assure Mr. Robertson that he had not divulged any classified information to the Press about the treaty negotiations or anything else. He admitted that he

[5] The next meeting was held on Nov. 19.

had talked to the Press at some length, but insisted that he had made only vague references to treaty negotiations in exactly the same vein as Secretary Dulles had done in his Press conference. The Foreign Minister said he had merely stated that tentative discussions had been held intermittently and that negotiations had not even entered a formal stage. He offered to give Mr. Robertson a tape recording of the Press interview.

Mr. Robertson said this was unnecessary since he, of course, accepted the Foreign Minister's word. However, the correspondents were extremely clever at piecing together bits of information, and extracting information by pretending that they knew more than they did.

The Foreign Minister said he was positive he had not given the Press any unauthorized information. In fact his refusal to give them anything definite except on deliveries under the aid program had caused some criticism on the part of the Press. Howard Handelman had been rather rude, stating that in his opinion nothing that the Foreign Minister had said was true outside of the reference to the aid programs.

No. 395

793.5 MSP/11-1754: Telegram

The Secretary of State to the Embassy in the Republic of China

SECRET WASHINGTON, November 17, 1954—6:51 p.m.

297. Department, FOA and Defense have two memoranda dated November 12 from Chinese Embassy seeking additional military aid. [1] First outlines Hsieh Plan which asks U.S. pay for (1) expansion facilities accommodate 63,000 additional trainees at one time (50,000 Army, 7,000 Navy, 6,000 Air) plus all maintenance, administrative etc. expenses (2) clothing and equipage for "the additional 341,700 men" (300,000 for Army, 26,000 Navy, 15,700 Air) (3) necessary expenses to fill up 20,700 vacancies in nine army divisions to bring them to full strength. Total cost estimated US $106,225,000 and itemized breakdown promised in due course. *Comment*: item "the additional 341,700 men" requires clarification.

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[1] The memoranda were sent to the Department as enclosures to a letter of Nov. 12 from Ambassador Koo to Secretary Dulles, filed as an attachment to a letter of Dec. 14 from Robertson to H. Struve Hensel, Assistant Secretary of Defense for International Security Affairs. (793.5 MSP/11-1254)

Second memorandum requests 4 destroyers, 6 destroyer escorts, 30 LST and 6 modern non-magnetic minesweepers and gives justification need and planned uses.

Assume you have similar proposals as indicated penultimate paragraph Section 3 your 340. [2] Coordinate with MAAG, FOA, Service Attachés and cable joint comments soonest.

DULLES

[2] Telegram 340 from Taipei, Nov. 11, commented on a tentative budget proposal for the Mutual Security Assistance program for the Republic of China for fiscal years 1955 and 1956. (794A.5 MSP/11-1154). The tentative budget figures had been sent to Taipei in telegram 279, Nov. 3. (794A.5 MSP/11-354)

No. 396

793.00/11-1954

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy)

TOP SECRET [WASHINGTON,] November 19, 1954.

Subject: Mutual Defense Treaty—7th Meeting

Participants: Dr. George Yeh, Chinese Foreign Minister
Ambassador Koo, Chinese Ambassador
Dr. Tan, Minister Chinese Embassy
Mr. Robertson, Assistant Secretary, FE
Mr. McConaughy, Director, CA

Dr. Yeh referred to the Chinese version of the proposed exchange of notes dated November 18 reading as follows:

"The Republic of China effectively controls both the territory described in Article VI of the Treaty of Mutual Defense between the Republic of China and the United States of America signed on———at———and other territory. It possesses with respect to all territory now and hereafter under its control the inherent right of self-defense. In view of the obligations of the two Parties under the said Treaty and of the fact that the use of force from either of these areas by either of the Parties affects the other, it is agreed that such use of force will be a matter of joint agreement, subject to action of an emergency character which is clearly an exercise of the inherent right of self-defense. Military elements which are a product of joint effort and contribution by the two Parties will not be removed from the territories described in Article VI without mutual understanding.

The Government of the Republic of China declares its firm intention to defend all territory now under its control. It is, however, mutually understood that while the question of the joint defense of the offshore islands now under its control and other territory which may hereafter come under its control, is subject to further

agreement between the Parties in accordance with Article VI of the said Treaty, the Government of the United States of America will provide full logistic support for the effective defense of the said offshore islands."

He asked what the reaction of Mr. Robertson was.

Mr. Robertson said he did not think the Chinese proposal met the requirements.

Dr. Yeh pointed out that the treaty only covered Formosa and the Pescadores. The offshore islands were the responsibility of the Chinese Government. It was imperative that the right of the Chinese Government to defend the off-shore islands be made clear, since the U.S. Government assumed no obligation as to those islands. The exclusion of the off-shore islands from the treaty means that the treaty falls short of expectations. It was realized that this could not be helped. A restriction on the Chinese right to deploy forces for the defense of the off-shore islands might indicate that the Chinese were prepared eventually to give up the off-shore islands. In view of the inherent right of self defense possessed by the Chinese Government, he felt that the U.S. Government would take a reasonable view of the needs which were reflected in the last paragraph of the Chinese draft. The U.S. is a powerful country while Nationalist China is a weak country. This creates a delicate situation. The view of the stronger party is inclined to prevail over that of the weaker party.

He felt that as long as the present leadership is in office in both countries, there would be no reason to worry about the interpretation of "joint agreement". But the situation might change and the possibility of a sympathetic mutual understanding might be less in the future when President Eisenhower and Generalissimo Chiang were no longer in office. As of now there is good working understanding with General Chase, who would agree to the transfer of necessary troops to defend, say, the Tachens. But the successor to General Chase might take a different view. The Foreign Minister must be able to defend the treaty before the Legislative Yuan. The Chinese position would be much stronger if the reference to the removal of forces from the treaty area could be deleted. He admitted there was a remote possibility of a misunderstanding over the distribution of forces between Formosa and the off-shore islands. He said he had racked his brain in search of a satisfactory formula. The Generalissimo personally had wired his hope that Secretary Dulles would reconsider. The reference to "full logistic support" for the defense of the off-shore islands might be considered unnecessary in this exchange of notes, but it would help psychologically in Formosa.

Mr. Robertson said that the request for a U.S. commitment "for full logistic support" created unnecessary new difficulties. He doubted if the Senate would approve this language in a formal exchange of notes relating to a treaty. He doubted if the President would wish to make that commitment. He agreed that the Chinese Government was entitled to logistic support for the off-shore islands, but to incorporate the assurances in an exchange of notes was not appropriate. It would be bad tactics. The Secretary was sympathetic to the Chinese position. He knew the importance of "face" and wanted as much reciprocity as possible in the treaty.

Dr. Yeh said that the word "approval" in the U.S. draft was undesirable. It was merely a matter of semantics, but it was important.

Mr. Robertson said he could agree to the substitution of "mutual agreement" for "approval".

Dr. Yeh asked why not take out the sentence entirely. He said that he still pled for deletion.

Mr. Robertson said the Secretary must be able to make a sound defense of this kind of treaty. All aspects of the treaty and understandings pursuant thereto must be defensible.

Dr. Yeh said that there was no assurance that the KMT could fully control the Legislative Yuan when the ratification of the treaty came up.

Mr. Robertson said that the U.S. Government may have some problems too when ratification came up before the Senate. There would undoubtedly be some severe criticism. The treaty needed to define clearly the U.S. commitment. But we wanted to avoid any revelation to the Communists of U.S. intentions. The Secretary had been careful not to define the U.S. position as to the off-shore islands. He had taken pains to avoid any position which would encourage the Chinese Communists to think that they could seize the islands without risk. The Secretary had developed the phrase "directed against" in Article V in order to broaden the definition of an armed attack with a view to keeping the Communists guessing as to what action by them might lead to invocation of the treaty.

Dr. Yeh said that he would like some such phrase in Article V as "hostile intent".

Mr. Robertson said it was hard to define intent. We had been talking about a treaty for more than a year. It would be a mistake to stall and drag out the negotiations too long. If it seemed that we had a difficult time in agreeing, questions would be raised in the public mind. It would be bad psychologically. If two closely allied countries cannot get together after a month of negotiations, people begin to wonder. The Korean treaty was negotiated in two days.

Dr. Yeh said that a formal assurance of full U.S. logistic support would be the most effective means of keeping the Communists guessing as to the off-shore islands.

Mr. Robertson said the U.S. Commander in Chief should not have his hands tied in advance on logistic support, the same as to deployment of his forces. He doubted that the President would agree to different language.

Ambassador Koo said that the main Chinese consideration was to offset any impression that the U.S. does not care about the off-shore islands.

Mr. Robertson said it is evident that we do care about the off-shore islands, as well as the rest of the territory held by the GRC.

Ambassador Koo felt that the wording of the treaty and the draft exchange of notes does not show this. It would sound very weak if we could only say we had an oral understanding about logistic support for the defense of the off-shore islands. The Chinese Government needed something in writing which could be exhibited.

Mr. Robertson said he would be lacking in frankness if he did not state that we could not get a treaty ratified which obligated the U.S. to a defense of the off-shore islands.

Dr. Yeh said that he was not asking for U.S. defense of the islands. U.S. personnel would not be involved.

Mr. Robertson said the suggested logistic support commitment was vague. He felt that the suggested language was bad—worse than the language of the earlier Chinese draft. The matter of logistic support came under implementation and did not need to be embodied in a formal exchange of notes identified with the treaty. The phrase "armed attack directed against the territories" was sufficiently broad to meet the requirements. Some of the off-shore islands were not much more than a dot in the ocean.

Dr. Yeh said that "we are realists" and would not quibble over insignificant small islands.

Mr. Robertson said he was aware that the Chinese were realists but it seemed that not much progress was being made on the negotiations. The Secretary had asked several times when the negotiations would be concluded. If there was a common basis, the two sides ought to find it soon, or else give up.

Dr. Yeh said that he had a last point to raise. He said "Give us something to offset the provisions about removal of military elements from the Treaty area". The Chinese Government would have to submit the notes to the Legislative Yuan if the American Government submitted them to the Senate.

Dr. Yeh said that the troops on the off-shore islands were fighting with weapons provided by the U.S. American assistance was already committed up to a point.

Mr. Robertson said that it was doubtful whether the Senate would understand the importance of the off-shore islands. The treaty might be subject to reservations if we got involved in formal commitments for "full logistic support".

Dr. Yeh said that the Chinese Government must "put up a good show" if the off-shore islands are attacked.

Mr. Robertson said that the U.S. Government naturally would not restrict the defense of the off-shore islands. He felt that Dr. Yeh, in objecting to the U.S. language, was raising an unreal issue. The essential part of the note showed great drafting resourcefulness. The language gave a real impression of reciprocity.

Dr. Yeh reiterated that the treaty did not cover the off-shore islands. If the despatch of urgently required Chinese troop reinforcements to the off-shore islands could only be effected by mutual agreement, serious delays might be created.

Mr. Robertson said it was unthinkable that we would picayunishly interfere with the defense of islands important to the protection of Formosa. He added that Military support questions should not be incorporated in the exchange of notes.

Dr. Yeh felt that consultation on the use of force could be taken for granted, without having a restrictive provision in the notes.

Mr. Robertson said it was not unusual to have joint agreement on a matter of such consequence.

Dr. Yeh then said that he would accept the principle of joint agreement being required for the use of force from Formosa. But the U.S. had no responsibility for the off-shore islands.

Mr. Robertson said that if we pinpointed all the areas where we have no formal obligation, it would amount to a green light for the opposition. Hence the area outside of Formosa and the Pescadores under the control of the Chinese Government was referred to only in a general way. Some islands were more important than others. The Chinese Government did not wish to give up any of the islands. The U.S. Government understood this attitude. But Formosa is the vital rallying point for the free Chinese. We must not jeopardize that base by getting involved over subsidiary matters.

Dr. Yeh said that he had hoped that the U.S. representatives would try some new language.

Mr. Robertson said that was not his understanding. The Chinese side had volunteered to come up with new language. He had asked the Foreign Minister to convey the U.S. position to the Generalissimo.

Dr. Yeh said the Generalissimo had recalled that in the conversation of October 13 with Mr. Robertson, he (the Generalissimo) had voluntarily repeated the commitment he had given earlier, that "there would be no action against the mainland without U.S.

concurrence". At the same time he had asked the U.S. to give assurance of logistic support.

Mr. Robertson then proposed new language which he thought would go far to meet the Chinese wishes. He said he would be willing to amend the final sentence of the note by the addition of the phrase "to a degree which would substantially diminish the defensibility of such territories".

Ambassador Koo said he presumed that any removal of forces to a lesser degree than that specified would not call for mutual agreement.

Mr. Robertson said that was what he had in mind.

Ambassador Koo said that on the face of it this proposal was more reciprocal and gave the Chinese Government more freedom of action. He felt that the Chinese Government could face the Legislative Yuan much more confidently with this language.

Dr. Yeh said that this was an ingenious solution. It was very good, in fact excellent. He believed he could accept it.

Mr. Robertson said the Secretary could not accept the sentence about "full logistic support".

Dr. Yeh asked if assurances of logistic support could be expressed later in some form. The Generalissimo wanted the opinion of the Assistant Secretary.

Mr. Robertson said he felt it was a military question which could be better handled by the Department of Defense. He was not prepared to go into the subject at this time.

Dr. Yeh said that he supposed the Chinese Government could communicate later on this subject through diplomatic channels.

Mr. Robertson assented.

Dr. Yeh then said that he wanted to make it very clear that the GRC did not interpret the restrictive provision as to use of force only by joint agreement to apply to his Government's "port closure policy". He said his Government felt it must retain its right to intercept enemy shipping. He said the interceptions have been carried out without actually using force. Furthermore, his Government construed shipping interceptions as a legitimate exercise of the right of self-defense. The interceptions took place only in areas near the territories held by the Chinese Government. No ships were intercepted unless they were carrying cargo which could be directly used to attack the Chinese Government forces and territories. Hence the interceptions were acts of self-defense. He reaffirmed that the exchange of notes would be construed to mean that the Chinese Government could not attack the mainland without joint agreement.

Mr. Robertson said that the ship interception matter had not been brought up before, so far as he was aware.

Dr. Yeh requested Assistant Secretary Robertson to inform Secretary Dulles of the Chinese Government understanding as he had just stated it. He said that the Chinese Government would endeavor to enforce its closure policy so as not to bring "too many blows" on Chinese forces, and so as not to involve the U.S. Dr. Yeh said he had been a forceful moderating influence in the Chinese Government. He had been in the middle of a number of debates as to whether various ships should be intercepted. Frequently he had been awakened in the middle of the night to examine manifests of ships, approaching the Formosa Strait, with questionable cargo. The Chinese Government had consistently exercised restraint but it did not want to lose the right to intercept ships when it considered such action necessary.

Mr. Robertson said he would discuss this matter with the Secretary.

Dr. Yeh said he would agree then and there to the latest revised text of the exchange of notes, with the understanding which he had just stated. He felt that the exchange of notes could not be interpreted to interfere with the Chinese Government port closure policy. The Chinese Government must retain the right to attack Communist shipping when in its judgment such attacks were required. Communist shipping companies sometimes misused British flag vessels, but the Chinese Government used great moderation where British shipping was involved. He said the U.S. Government did not need to worry over the interception policy of the Chinese Government. The tacit understanding between our two governments has worked well up to now and he hoped it would not be changed.

Ambassador Koo said that Dr. Yeh meant to imply that the Chinese would not stop every unfriendly ship near Formosa waters headed for a Chinese Communist port. The Chinese Government would make its own appraisal in each case.

Mr. Robertson said the question gave him some concern. The interceptions might lead to Communist retaliation.

Dr. Yeh said the policy which the Chinese Government intended to apply would not entail any serious risk of retaliation.

Mr. Robertson did not agree. He thought the Chinese Communists would not stand supinely by if the Chinese Government made war on their shipping.

Dr. Yeh said the Communists are sending thousands of tons of strategic supplies by water to Communist China. As a result of the Chinese Government efforts, a large percentage of Communist traffic has been rerouted so as to keep out of range of Chinese Nationalist destroyers. The Chinese Navy is unable to touch those ships which do not come close to the Formosa area. But what goes into

the Amoy area is used almost immediately against the Chinese forces, and it must be stopped.

Ambassador Koo said it was a matter of self-defense.

No. 397

S/S–NSC files, lot 63 D 351, NSC 5429 Series

Draft Statement of Policy, Prepared by the NSC Planning Board [1]

TOP SECRET [WASHINGTON,] November 19, 1954.
NSC 5429/3

CURRENT U.S. POLICY IN THE FAR EAST

GENERAL CONSIDERATIONS

1. The primary problem of U.S. policy in the Far East is to cope with the serious threat to U.S. security interests which has resulted from the spread of hostile Communist power on the continent of Asia over all of Mainland China, North Korea and, more recently, over the northern part of Viet Nam.

2. In its five years of power, the regime in Communist China has established and consolidated effective control over the mainland and has maintained and developed close working relations with the Soviet Union. [While there is now no reason to anticipate an early collapse of the regime nor any means of seeing when one might occur, inherently such regimes have elements of rigidity and instability which might produce crises or break down unexpectedly.] * We should be ready to exploit any opportunities which might occur as a result of inherent internal weaknesses.

3. The task of the United States in coping with this situation is further complicated by:

a. The vulnerability of the non-Communist countries in the area militarily, and in varying degrees, politically, economically, and psychologically, to further Communist expansionist efforts.

b. The deep-seated national antagonisms and differing assessments of national interest which divide these countries from each other and severely hamper efforts to combine their collective resources for their own defense and welfare.

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[1] A covering note of Nov. 19 from Lay to the Council stated that the draft statement had been prepared by the Planning Board pursuant to NSC Action No. 1259–d of Nov. 2 (see footnote 9, Document 375). For text of the note, see vol. XII, Part 1, p. 972..

* CIA does not concur. [Footnote in the source text. The bracketed sentence and all other bracketed material in this document appear in the source text.]

c. The intense nationalistic feelings, fed by residual resentments against European colonialism coupled with a widespread feeling of weakness and inadequacy in the face of the worldwide power struggle, which inhibit many of these countries from cooperating closely with the United States.

d. The divergencies on Far Eastern policy with our European allies, principally with respect to our posture toward China, which limit the extent of political and economic pressures which can be maintained against the Asian Communist regimes without divisive effects on the basic United States-led coalition.

Note: In addition to the foregoing general considerations, attention is directed to NIE 13–54, "Communist China's Power Potential Through 1957," published June 3, 1954,[2] and NIE 10–7–54, "Communist Courses of Action in Asia Through 1957," forthcoming at an early date.[3]

OBJECTIVES

4. Pursuant to a policy of being clear and strong in its resolve to defend its vital interests, if necessary at the risk of but without being provocative of war, the principal objectives of the United States in the Far East should be:

a. Preservation of the territorial and political integrity of the non-Communist countries in the area against further Communist expansion or subversion.

b. Progressive improvement of the relative political, economic and military position of the non-Communist countries vis-à-vis that of the Asian Communist regimes.

c. Reduction of [relative] † Chinese Communist power and prestige.

d. Disruption of the Sino-Soviet alliance through actions designed to intensify existing and potential areas of conflict or divergence of interest between the USSR and Communist China.

[e. Creation in non-Communist Asia, and ultimately within Communist China, of political and social forces which will zealously spread the greater values of the Free World and simultaneously expose the falsity of the Communist ideological offensive.‡]

COURSES OF ACTION

5. In order to preserve the territorial and political integrity of the area, the United States should:

a. Maintain the security of the Pacific off-shore island chain (Japan, Ryukyus, Formosa and the Pescadores, the Philippines, Australia, and New Zealand) as an element essential to U.S. securi-

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[2] Document 209.

[3] Document 404.

† Defense, JCS and ODM propose deletion. [Footnote in the source text.]

‡ Proposed by Defense, JCS, Commerce, ODM, FOA and CIA. [Footnote in the source text.]

ty; assisting in developing such military strength in each area as is required by U.S. security and is consistent with each area's capability and maintenance of domestic stability.

b. In the event of unprovoked attack on the Republic of Korea, employ, in accordance with Constitutional processes, U.S. armed forces against the aggressor. While supporting the unification of Korea by all peaceful means and maintaining appropriate safeguards against ROK offensive action, continue military and economic assistance programs consistent with Korea's capability and maintenance of domestic stability, subject to continued ROK cooperation.

c. Conclude a Mutual Defense Treaty with the Republic of China covering Formosa and the Pescadores, together with appropriate safeguards against Chinese Nationalist offensive action except by joint agreement. Pending the negotiation and ratification of such a treaty, continue the existing unilateral arrangement to defend Formosa and the Pescadores (excluding the Nationalist-held off-shore islands). For the present, seek to preserve, through United Nations action, the *status quo* of the Nationalist-held off-shore islands; and, without committing U.S. forces except as militarily desirable in the event of Chinese Communist attack on Formosa and the Pescadores, provide to the Chinese Nationalist forces military equipment and training to assist them to defend such off-shore islands, using Formosa as a base. However, refrain from assisting or encouraging offensive actions against Communist China, and restrain the Chinese Nationalists from such actions, except in response to Chinese Communist provocation judged adequate in each case by the President.

d. In the event of Communist overt armed attack in the area covered by the Manila Pact prior to the entering into effect of the Pact, take actions necessary to meet the situation, including a request for authority from Congress to use U.S. armed forces, if appropriate and feasible. When the Pact is in effect, be prepared to oppose any Communist attack in the Treaty area with U.S. armed forces if necessary and feasible, consulting the Congress in advance if the emergency permits.

e. In the event of Communist overt armed attack or imminent threat of such attack against any other country in the area (not covered by a security treaty to which the United States is a party), this evidence of a renewal of Communist aggressive purposes would constitute such a grave menace to the United States as to justify the President in requesting authority from Congress to take necessary action to deal with the situation, including the use of U.S. armed forces, if appropriate and feasible.

f. In the event of unprovoked Communist armed attack on the personnel, aircraft or vessels of the United States, promptly take punitive action including the use of armed force if necessary and appropriate.

g. Encourage the conditions necessary to form as soon as possible and then participate in, a Western Pacific collective defense arrangement including the Philippines, Japan, the Republic of China and the Republic of Korea, eventually linked with the Manila Pact and ANZUS.

h. If requested by a legitimate local government which requires assistance to defeat local Communist subversion or rebellion not constituting armed attack, the United States should view such a situation so gravely that, in addition to giving all possible covert and overt support within the Executive Branch authority, the President should at once consider requesting Congressional authority to take appropriate action, which might if necessary and feasible include the use of U.S. military forces either locally or against the external source of such subversion or rebellion (including Communist China if determined to be the source).

i. Assist where necessary and feasible non-Communist Government and other elements in the Far East to counter Communist subversion and economic domination.

j. Maintain sufficient U.S. forces in the Far East as clear evidence of U.S. intention to contribute its full share of effective collective aid to the nations of the area against the Communist threat, and to provide assurance to the people of the Far East of U.S. intent and determination to support them in the event of Communist aggression.

6. In order to enhance the individual and collective strength of the non-Communist countries, the United States should:

a. Increase efforts to develop the basic stability and strength of non-Communist countries, especially Japan and India, and their capacity and will to resist Communist expansion.

b. Continue (1) to recognize the Government of the Republic of China as the only government of China and its right to represent China in the United Nations, and (2) to furnish direct support to its defense establishment and its economy.

c. Encourage the prompt organization of an economic grouping by the maximum number of free Asian states, including Japan and as many of the Colombo Powers as possible based on self-help and mutual aid, and the participation and support (including substantial financial assistance) of the United States and other appropriate Western countries, through which, by united action, those free Asian states will be enabled more effectively to achieve the economic and social strength needed to maintain their independence.

d. Take all feasible measures to increase the opportunities of such countries for trade with each other and with other Free World countries.

e. Provide in South and Southeast Asia, through the economic grouping referred to in c above or otherwise, such economic and technical aid over an extended period as can be used effectively to accelerate the present slow rates of economic growth, and to give to the peoples in these areas a sense of present progress and future hope, which is currently lacking. [At present, it appears both necessary and feasible to increase materially the scale of assistance to South and Southeast Asia, which are most directly threatened by Communist expansion.] §

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§ Treasury and Budget propose deletion. [Footnote in the source text.]

f. Develop and make more effective information, cultural, education and exchange programs; and expand the program for training of free Asian leaders. [by organizing and subsidizing education centers in the area and utilizing and supporting U.S. facilities.] ‖

g. Encourage the countries of the area to use qualified Americans as advisers and develop a program for training such persons. [particularly in the broad political aspects of the countries concerned.] ¶

h. Seek, by intensifying covert and psychological activities, and by utilizing indigenous persons to the greatest extent feasible, to (1) increase the understanding and orientation of Asian peoples toward the Free World and (2) expose the menace of Chinese imperialism and world Communism.

i. Encourage and support, more vigorously and effectively, the application of private capital to the development needs of free Asian countries under arrangements avoiding "exploitation" yet acceptable to private interests.

[7. To stimulate Sino-Soviet estrangement, obtain maximum support from our principal Allies on a common Far Eastern policy, and gain a psychological advantage from taking a positive initiative, it is proposed that study be given to (1) the feasibility of negotiating a Far Eastern settlement which might include such elements as those below, and (2) measures which would facilitate such negotiation, including adequate pressure on the Chinese Communists.

a. Recognizing the existence of two Chinas, neither of which can be wiped out without a new world war.

b. Seating both Chinas in the UN Assembly, neither to have a seat on the UN Security Council; substituting India for China as a permanent member of the Security Council.

c. Opening trade (import and export) with Communist China on the same basis as with the European Soviet bloc. (In this connection consideration might be given to raising the COCOM controls on the European Soviet bloc, both with respect to commodity coverage and stringency of control, in order to provide a more realistic basis for effective and uniform controls towards the entire Communist bloc in Europe and Asia.)

d. Admitting Japan to the UN.

e. Unifying Korea by the withdrawal of foreign forces and the holding of free and supervised elections.

f. Obtaining the abandonment of subversive Communist pressures in South Viet Nam.

g. Obtaining an undertaking by China—for whatever value it might have—to refrain from providing physical or other types of support to subversive groups in any part of Asia.] **

‖ Budget proposes deletion. [Footnote in the source text.]

¶ ODM proposal. [Footnote in the source text.]

** Proposed by Commerce and FOA (see also Annex B). [Footnote in the source text.]

8. [Meanwhile until such over-all settlement is reached and] †† in order to weaken or retard the growth of the power and influence of the Asian Communist regimes, especially Communist China, the United States should:

a. Continue to refuse recognition of the Chinese Communist regime and other Asian Communist regimes, but deal with each on a local basis and with regard to specific subjects where the regime is a party at interest.

b. Continue to oppose seating Communist China in the Security Council, the General Assembly, and other organs of the United Nations.

Proposed by State, Treasury, Budget and CIA

c. Maintain the embargo on U.S. trade with Communist China, and continue to exert our influence on other Free World countries for the maintenance of the current level of trade controls against Communist China; without, however, exerting our influence in such a manner as would be seriously divisive or lead nations needing Chinese trade to accommodation with the Communist bloc, provided that the level of controls applicable to the USSR is maintained.

Proposed by Defense, Commerce, ODM and JCS (see also Annex B)

c. Adopt the following policy:

(1) Continue the U.S. embargo on Communist China.

(2) Use the total bargaining position of the United States to gain acceptance of embargo or near embargo by all other non-Communist countries.

(3) Reimpose more comprehensive and effective controls by the United States and other countries over the Soviet bloc in Europe to prevent transshipments to China.

(4) Impose additional controls or limitations on exports to non-Communist countries that do not go along with the above to minimize leaks.

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†† Proposed by FOA. [Footnote in the source text.]

Additional Sentence Proposed by FOA

To this end begin early consultations, particularly with the U.K. and France, looking toward agreement on China controls.

(5) Retain the U.S. total ban on imports from Communist China.

(6) Seek the imposition of similar import controls by non-Communist countries.

(7) Refuse to purchase Communist Chinese type goods from all non-conforming countries.

d. Utilize all feasible overt and covert means, consistent with a policy of not being provocative of war, [at the risk of but not provocative of war] ‡‡ to create discontent and internal divisions within each of the Communist-dominated areas of the Far East, and to impair their relations with the Soviet Union and with each other, but refrain from assisting or encouraging offensive actions against Communist China, and restrain the Chinese Nationalists from such actions, except in response to Chinese Communist provocation judged adequate in each case by the President.

e. Continue the policy towards Indochina and Thailand stated in Annex A. [4]

9. a. The United States should attempt to convince the other Free World countries of the soundness of U.S. policies toward Communist China and toward the Republic of China and of the advisability of their adopting similar policies, without, however, imposing such pressures as would be seriously divisive.

b. In its Pacific role, the United States should be less influenced by its European allies than in respect to Atlantic affairs.

10. a. The United States must keep open the possibility of negotiating with the USSR and Communist China acceptable and enforceable agreements, whether limited to individual issues now outstanding or involving a general settlement of major issues.

[b. Make clear to the Communist regimes that resumption of normal relations between them and the United States is dependent on concrete evidence that they have abandoned efforts to expand their control by military force or subversion.] §§

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‡‡ Proposed by Defense. [Footnote in the source text.]

[4] Annex A, consisting of draft paragraphs 10 and 11 concerning Indochina and Thailand, is not printed.

§§ States proposes deletion. [Footnote in the source text.]

Annex B

STATEMENT BY THE DEPARTMENT OF COMMERCE

1. Two things appear clear from the discussion of the policy papers:

a. In the political, psychological and strategic fields the proposed policy would be substantially a maintenance of the *status quo* with the emphasis on maximum pressure in all fields on the Chinese Communists. The pressure while avoiding actions provocative of war would go so far as to risk the possibility of war.

b. The policy appears to be based upon an appraisal of the serious threat to U.S. national security posed by the growth of Communist power in Asia, and on an estimate that the best prospect of disrupting the Sino-Soviet alliance is through maximizing the dependence of Communist China on the USSR.

2. Consistent with this approach the courses of action with respect to trade controls (par. 8–c of the foregoing statement of policy) would have to be along following lines:

a. Continuation of U.S. embargo to Communist China.

b. Use of total bargaining position of the U.S. to gain acceptance of embargo or near embargo by all other non-Communist countries.

c. Reimposition by the United States and other countries of more comprehensive and effective controls over Soviet bloc in Europe to prevent transshipments to China.

d. Imposition of additional controls or limitations on exports to non-Communist countries that do not go along with above to minimize leaks.

e. Retention of the total ban on imports from Communist China by the United States.

f. Imposition of similar import controls by non-Communist countries.

g. Refusal by the United States to purchase Communist Chinese type goods from all non-conforming countries.

3. It would be manifestly difficult to bring our principal Allies along with such a program. The attitude of other governments, particularly the U.K., makes it doubtful that we can hold even the present international levels of trade controls short of exerting the most severe diplomatic and economic pressure on our Allies. The dismantlement of the trade control structure on the other hand might well lead to a backdoor breakdown of the entire policy of maximum pressure. Such a breakdown would cause seriously adverse public reactions concentrated on the trade area rather than on the total policy.

4. A sharply different approach to the Communist China problem should be given consideration by the NSC in the current review of Far East policy on the basis that:

a. It would be desirable to make capital of any major trade relaxation towards China both with our Allies and with Communist China.

b. Current intelligence indicates that in the economic field no significant conflicts have arisen between the USSR and Red China. Perhaps then it may be possible to *create* potential areas of conflict or divergence by a positive approach from the United States and the Free World to Communist China.

Such different approach is set forth in par. 7 of the above policy statement.

No. 398

Editorial Note

On November 20, Michael G.L. Joy, First Secretary at the British Embassy in Washington, gave Walter McConaughy a report of a conversation on November 18 between the British Deputy Under Secretary of State for Foreign Affairs, Sir Harold Caccia, and the Chinese Chargé in the United Kingdom; the text of an oral communication which the Chargé had read to Caccia was attached. Both documents bear notations indicating that they were routed to Secretary Dulles and Counselor MacArthur.

The oral communication stated that the liberation of Taiwan and the offshore islands was a Chinese domestic issue, that the prospective mutual defense pact between the United States and Chiang Kai-shek would only lead to further tension and deterioration of the situation in the Far East, and that the Chinese people could not tolerate any attempt to place Taiwan under United Nations trusteeship or under the mandate of neutral powers or to provide for the independence of Taiwan. It declared that to ease the tension in the Far East and to eliminate the threat of war, all United States armed forces must be immediately withdrawn from Chinese territory and United States interference in Chinese domestic affairs must be immediately stopped.

During the conversation between the Chargé and Sir Harold Caccia, according to the report, the Chargé stated that the Chinese Government would never wish to start a war with the United States but that the Americans insisted on interfering in their internal affairs. The Chinese had a vast program of internal development which was their first priority, but, he repeated several times, they would never abandon their right to Taiwan. When asked if he had noted a statement made by Secretary Dulles at a November 9 press conference that the United States would never start a preventive war, the Chargé replied that he had noted it but the only

hope he could offer was that time and a change of personalities might alter circumstances. He declined to comment on what might be done in the meantime to avoid incidents.

No. 399

793.5 MSP/11-2054: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

TOP SECRET TAIPEI, November 20, 1954—3 p.m.

351. Chinese Foreign Ministry has given Embassy "agreed draft" dated November 5 of Mutual Defense Pact [1] and last night Acting Foreign Minister showed me Department's revised draft (November 14) of main body of exchange of notes to accompany treaty. [2]

Shen indicated his government puzzled by US insistence on joint approval for "removal" of military elements from Formosa and Pescadores. Apparently Chinese have no serious practical objection except that such undertaking would be widely interpreted as infringement of sovereignty; Communists would hail it as proof US "occupied" Formosa. Text of note could scarcely be kept confidential for long.

General Chase and I believe situation would be adequately covered if Chinese undertook simply to remove no military elements from territory described in Article 6 without prior consultation between two parties. Flexibility would have to be retained for Air and Naval Forces in any case and US has adequate means at hand to discourage movements of which it disapproves. "Use of force" could remain subject to joint agreement.

I do not know that above proposal acceptable to Chinese, but believe it might be.

RANKIN

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[1] Not found in Department of State files.

[2] See footnote 2, Document 394.

No. 400

793.5/11-2254

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy)

TOP SECRET [WASHINGTON,] November 22, 1954.

Subject: Mutual Defense Treaty—Eighth Meeting

Participants: Dr. George Yeh, Chinese Foreign Minister
Dr. Wellington Koo, Chinese Ambassador
Dr. Tan, Minister, Chinese Embassy
Mr. Robertson, Assistant Secretary, FE
Mr. McConaughy, Director, CA

Mr. Robertson referred to the conversation of November 19 regarding the effect of the proposed exchange of notes on the right of the Chinese Government to intercept Communist shipping without joint agreement. He said he felt that interception of shipping did involve the use of force from the treaty area and therefore was covered by the language of the exchange of notes. It was true that the U.S. has contributed to the capabilities of the Chinese Navy. The U.S. believes that collaboration should continue. However this Government does not want to be in a position of having no control over offensive action against Communist shipping which could provoke retaliation and lead to war. His thought was that while interception activities were covered by the terms of the exchange of notes, we should be governed by the circumstances of each individual case. Decision would be made in accordance with the conditions existing at the time. He recalled that the Soviets have raised the so-called "piracy item" in the UN. We are assisting the Chinese UN delegate in defending against this charge.

Mr. Robertson added that we wanted the treaty to be advantageous to the Chinese Government, but the U.S. Government had to go into the treaty with its eyes open, knowing precisely what the risks were, and maintaining control of the risks so far as possible. Mr. Robertson quoted the Legal Adviser as believing that it would be psychologically advantageous to the Chinese Government to give wide publicity to the exchange of notes. This was because the notes associated the two governments more closely than ever before and made it clear that necessary military actions of the Chinese Government would have the agreement of the U.S.

Dr. Yeh said he wanted to clarify the ship interception matter additionally. He wanted it understood that the U.S. would have no objection to a continuation of the practice as it now stands.

Mr. Robertson said it was his impression that the Secretary did not feel that he could agree to the blanket exclusion from the terms of the exchange of notes of any offensive action which might bring on retaliation. This is the danger we are trying to guard against in the exchange of notes.

Ambassador Koo said he took this to mean that the present practice would continue, subject to joint consultation.

Mr. Robertson said he thought the answer was yes. He remarked that under the treaty our common interests would be more closely bound together than before. We would be more directly associated than under the 7th Fleet Order. It would be a close alliance. Where military action was involved there would be consultation as in the past. The exchange of notes would formalize the commitment, which would otherwise be of the same nature as that which already exists between CINCPAC and the Chinese authorities. The exchange of notes was intended to cover all forms of offensive military action.

Dr. Yeh said that he wanted to state for the record that from the Chinese Government point of view the interception of ships carrying strategic material to Communist China was not an offensive action. It was self defense. This was especially true as to cargo destined for the Amoy area. It was all strategic and invariably directly used against the Chinese Government. The Mainland coast is very long and at best the Chinese Government naval forces can cover only a small portion of it. Interceptions take place only in or near the Formosa strait. The affected shipping constituted a direct threat to Formosa and the Pescadores. Hence the Chinese Government wanted to continue its port closure policy. The Chinese Government consistently has acted with great caution. The Chinese Government recognizes that its enforcement of this policy must not harm American interests or Sino-American joint interests. The Chinese Government will consult the U.S. Government in the future as in the past. So far the interception policy has not endangered the U.S. Government.

Mr. Robertson said that perhaps the Foreign Minister should meet with the Secretary to consider this interpretation. He said that the extent to which the Chinese Government was free to act without agreement and the extent to which it was obligated to seek agreement should be made very clear. Mr. Robertson recalled that a Chinese destroyer escort had been torpedoed by the Chinese Communists a few days before. The naval situation had explosive potential. He said that it was not the U.S. intention to hamper the Chinese Government in the discharge of missions which were in our joint interest. We wanted to work together. Mr. Robertson said that he wanted to say for the record that the point raised needed to be

clarified. He could not yet say whether the U.S. accepted the Chinese interpretation.

Ambassador Koo said that as a practical matter the representatives of the two governments are in the habit of consulting as allies on these matters. He felt that the Chinese Foreign Minister's view was a reasonable interpretation. Mr. Robertson said you cannot stop shipping without the use of force, whether it is necessary to apply the force or not.

Dr. Yeh said he preferred to let the present arrangements in this respect remain in effect rather than have a special interpretation attached to any article of the treaty. He said he raised the question because he wanted to be entirely fair. He said the treaty relationship would not work if anything went amiss through a misunderstanding. He felt that both he and Mr. Robertson were responsible as negotiators to work out a complete understanding. He felt it was to the mutual interest to agree to let the ship interception matter rest as it was.

Mr. Robertson said he did not think so. It was better to clarify the matter fully.

Dr. Yeh asked if the Secretary had yet considered the matter.

Mr. Robertson said the Secretary had not yet finished his review of the problem. He was not authorized to accept the Chinese interpretation without further consultation.

Ambassador Koo said the retention of the right of self-defense was important. So long as his Government consulted with the U.S. authorities as in the past, the essential thing was done.

Mr. Robertson said the Secretary had observed that good faith must be exercised on both sides. Circumstances and conditions may change. The naval issue involves a delicate question which calls for a clear understanding.

Dr. Yeh said that he and Ambassador Koo were of the same opinion. The Chinese military authorities would continue to consult with the U.S. representatives in good faith, but did not want any limiting interpretation attached to the treaty or the exchange of notes.

Ambassador Koo said his Government could claim the right of self-defense. In a sense the question was academic since he was confident that the two sides could have an understanding without changing the language of the notes.

Dr. Yeh said Secretary Dulles could rest assured that the Chinese Government would not take advantage of the treaty to intercept vessels to a degree which would involve the U.S.

Mr. Robertson said the consequences of ship interception could not be predicted.

Dr. Yeh said the Chinese Navy did not intend to use guns against any merchant ship. He mentioned the interception of the Soviet Tanker *Tuapse.*

Mr. Robertson said the Secretary felt that ship interceptions comprised a use of force.

Dr. Yeh said that surely the Secretary did not contend that the Treaty prohibited ship interceptions.

Mr. Robertson said he thought the Secretary felt interception plans called for consultation. He wanted to finish his conversation with the Secretary on this matter. The consequences of ship interception could invoke the treaty. Mr. Robertson mentioned that the Secretary was planning to leave on November 24. He wanted to finalize the Treaty arrangements before then. He thought that perhaps the Foreign Minister would wish to communicate with his Government in regard to the announcement.

Dr. Yeh said he had received a telegram from Vice Minister Chen [*Shen*] that morning. There were so many rumors that either he or Premier O.K. Yui would have to make a report to the Foreign Affairs Committee soon. Chen [*Shen*] had suggested that Foreign Minister Yeh return. Dr. Yeh asked if Mr. Robertson had consulted the Congressional leaders?

Mr. Robertson said he had consulted some, but not all. He was seeing some of them again on November 23—Senators George, Mansfield and Knowland. He wanted to show them all the draft documents. Mr. Robertson said the longer the delay in completing the treaty negotiations the more irresponsible speculation there would be. He stressed the importance of reaching full agreement, or else discontinuing the negotiations.

Dr. Yeh said that he could not stave off the Foreign Affairs Committee very long after an official announcement was made.

Mr. Robertson said the Secretary would not release any information until full agreement was reached on the text. He mentioned that he had flown to Georgia in October to see Senator George about the Treaty. Senator George had approved the Treaty in principle but he has not yet seen the full text. He had recently talked to Senator Sparkman informally about the Treaty. The Department wanted to go over the Treaty with Senators in both parties so the leaders would be prepared when the announcement was made. It was difficult to get all the committee members together.

Dr. Yeh said that he could refuse to show the text to members of the Legislative Yuan until the Treaty was signed.

Mr. Robertson said that we were holding the Treaty text very close. It went from person to person only by safe hand. No extra copies were made. The people who are handling it will not talk. The whole thing is being carried forward on an intimate basis. The

Department is earnestly endeavoring to meet the Chinese wishes. We believe that the text now represents the attitude and view of both sides. He had the feeling as to the present text that "This is it". The question was how to handle the final details. There should be a clear understanding before it was initialled.

Dr. Yeh said he agreed. A clear understanding should be reached as soon as possible. He would have to make a secret report to the Legislative Yuan at about the time the text of the Treaty is released. Otherwise the Legislative Yuan would be offended.

Dr. Yeh asked if we were absolutely insistent on the last sentence of the exchange of notes. Mr. Robertson said this was correct. Psychologically it strengthens the case for the Treaty. It would disarm critics of the Treaty.

Dr. Yeh said he had two points to make about the proposed joint statement: 1) the U.S. draft was not in joint form. The U.S. seemed to be speaking. 2) The last paragraph is in the future tense, but yet it recapitulates what is past.

Dr. Yeh said his Government hoped that the exchange of notes would not be simultaneous with the signing of the treaty. His Government suggested an interval of one or two weeks would be appropriate.

Ambassador Koo said that the lapse of some interval was certainly important.

Mr. Robertson observed that the exchange of notes was an integral part of the understanding attendant upon the Treaty. There would be no ratification of the Treaty without the exchange of notes.

Dr. Yeh said the interval would help him in presenting the matter to the Legislative Yuan. There would be no disadvantage to the U.S. in waiting a few days.

Mr. Robertson agreed that the exchange of notes could follow shortly after the signature of the Treaty.

Dr. Yeh suggested an interval of 10 days. He felt there was nothing to be lost by waiting for this period.

Mr. Robertson suggested that the final paragraph of the joint announcement read "Following the signing of the treaty, an exchange of notes will set forth certain understandings relating to its operation, including a recognition of the inherent right of the Republic of China as to the self-defense of territories now or hereafter under its control, and agreements as to the mutual interests of the parties in the security and defense of the treaty territories".

As to the timing, Mr. Robertson felt we should have early arrangement as to date of initialling, date of signature, and the date of release of the joint communiqué.

Dr. Yeh said that time should be allowed for experts to go over the text carefully in both languages. He felt that both languages should be equally authentic.

Mr. Robertson said he thought we could initial the Treaty right away. It would not be necessary to put it in Chinese before initialling the text. The joint statement should be agreed upon before arrangements for signature were made.

Dr. Yeh said that he wanted the Vice Minister to see the Foreign Affairs Committee of the Legislative Yuan before the exchange of notes was published.

Ambassador Koo said the schedule as he envisaged it was as follows:

1. initial the Treaty
2. issue joint statement
3. sign the Treaty.

Mr. Robertson suggested that the treaty be initialled on Wednesday the 24th.

Dr. Yeh said this was agreeable. He would tentatively agree to announce the Treaty on noon November 29 which would be 1 a.m. on November 30 in Taipei.

No. 401

793.5/11-2354: Telegram

The Secretary of State to the Embassy in the Republic of China

TOP SECRET WASHINGTON, November 23, 1954—11:07 a.m.

304. Eyes only Rankin. Your 351.[1] Draft exchange of notes orally agreed to by both sides at last meeting November 19 reads as follows:

"The Republic of China effectively controls both the territory described in Article VI of the Treaty of Mutual Defense between the Republic of China and the United States of America signed on ———at———and other territory. It possesses with respect to all territory now and hereafter under its control the inherent right of self-defense. In view of the obligations of the two Parties under the said Treaty and of the fact that the use of force from either of these areas by either of the Parties affects the other, it is agreed that such use of force will be a matter of joint agreement, subject to action of an emergency character which is clearly an exercise of the inherent right of self-defense. Military elements which are a product of joint effort and contribution by the two Parties will not be removed from the territories described in Article VI to a degree

[1] Document 399.

which would substantially diminish the defensibility of such territories without mutual agreement."

You will note amendment final sentence. This language considered preferable to that suggested reftel.

Chinese recognize present draft note preserves reciprocity throughout. It closely identifies interests of US with those of ROC and in our view should cause Chinese Government to welcome publicity.

Full text of treaty being sent separately.

DULLES

No. 402

793.5/11-2354

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy) [1]

TOP SECRET [WASHINGTON,] November 23, 1954.

Subject: Mutual Defense Treaty—9th Meeting

Participants: Dr. George Yeh, Chinese Foreign Minister
Dr. Wellington Koo, Chinese Ambassador
The Secretary
Mr. Robertson, Assistant Secretary, FE
Mr. Phleger, Legal Adviser
Mr. McConaughy, Director, CA

With reference to the Foreign Minister's query about the relationship of the exchange of notes to the ship interception activities of the Chinese Navy, the Secretary said that the circumstances under which shipping might be interfered with were so varied it was not possible to cover all cases by a blanket agreement. If interception activities seemed likely to provoke retaliation, the U.S. Government would expect joint consultation.

Dr. Yeh said that he brought the question up, perhaps unnecessarily, because he did not want to leave unclarified any point of possible misunderstanding. The port closure policy of the Chinese Government had been in effect for over five years. On only one occasion had a merchant ship been fired on, and that was in 1949. The delay in the disposition of the *Tuapse* case was unfortunate in some respects. The Chinese Government carried out interception solely as a measure of self-defense. It has been shown that any strategic material delivered along the Fukien coast has been used

[1] Initialed by Robertson, indicating his approval.

almost at once to attack Chinese Government positions. The manifests of all ships involved have been carefully checked and every case of actual interception has been clearly based on the right of self-defense. The Chinese authorities have never gone so far as to risk involvement of the U.S. or impairment of Sino-U.S. relations. The Foreign Minister said he preferred a somewhat different basis for handling ship problems than problems of action against the Mainland. He felt there should be no hard and fast rule as to shipping. We should continue consultations on a flexible basis as in the past.

The Secretary agreed that there was no need for a hard and fast rule.

Amb. Koo said he would expect the U.S. Government to inform the Chinese Government if the former thought that any given shipping problem called for the agreement of the U.S.

The Secretary indicated his assent to this view.

Dr. Yeh said that he accepted. He then asked when the Secretary would be ready to sign the Treaty.

The Secretary said almost immediately.

Mr. Phleger said there was a translation problem. We needed to check the Chinese translation.

Dr. Yeh said translation was difficult but the Chinese have a 2,000 year old legal tradition. Treaty language has been used for over 250 years and Chinese treaty language is highly developed.

The Secretary said that in case of any dispute as to meaning, it would be expected that the English text would govern.

The Foreign Minister said that there should not be much variance between the English and the Chinese versions.

Amb. Koo said that the Chinese representatives here were held responsible for the correctness of the translation.

Mr. Phleger said that the U.S. would look to the English text as the governing one.

The Secretary of State and the Foreign Minister then proceeded to initial the copies of the Treaty and the notes. [2]

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[2] The texts of the notes, signed at Washington on Dec. 10, 1954, are printed as attachments to the Mutual Defense Treaty in 6 UST 433; TIAS 3178.

No. 403

Eisenhower Library, Eisenhower papers, Whitman file, Dulles-Herter Series [1]

Memorandum by the Secretary of State to the President

SECRET WASHINGTON, November 23, 1954.

I have just initialed with George Yeh, the Chinese Foreign Minister, the draft of a Mutual Security Treaty and of a note which will be exchanged.

The Treaty covers an attack directed against Formosa and the Pescadores. The note will in substance recognize that the Chinese will not use force from either Formosa, the Pescadores or the offshore islands without our agreement and will not transfer military equipment and the like from Formosa to the offshore islands without our agreement.

This has been a difficult negotiation but the result, I believe, stakes out unqualifiedly our interest in Formosa and the Pescadores and does so on a basis which will not enable the Chinese Nationalists to involve us in a war with Communist China.

I have been in touch throughout these negotiations with the Far Eastern Subcommittee, including Senator George and Senator Knowland, and they are in full accord with what we have done. The only member of the Subcommittee we have not seen is Senator Hickenlooper, who has been out of town. We see him tomorrow. [2]

JFD

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[1] A copy of this memorandum can also be found in Department of State files. (793.00/11-2354)

[2] This sentence appears in Dulles' handwriting on the source text.

No. 404

INR-NIE files

National Intelligence Estimate [1]

SECRET
NIE-10-7-54

WASHINGTON, 23 November 1954.

COMMUNIST COURSES OF ACTION IN ASIA * THROUGH 1957 [2]

THE PROBLEM

To estimate Communist, particularly Chinese Communist, courses of action in Asia through 1957.

CONCLUSIONS

1. Although the USSR possesses preponderant influence in the Sino-Soviet partnership, the main outlines of Communist policy in Asia are almost certainly determined jointly by consultation between Moscow and Peiping, not by the dictation of Moscow. Chinese Communist influence in the Sino-Soviet alliance will probably continue to grow. We believe that such frictions as may exist between Communist China and the USSR will not impair the effectiveness of their alliance during the period of this estimate.

2. The current tactic of the Communists in Asia appears to be a variant of their familiar policy of combining professions of peaceful intent with continued efforts at subversion and continued expansion of the Communist capability for war. The chief new element in this policy, evident since the death of Stalin and particularly since the calling of the Geneva Conference in early 1954, is a heightened effort to convince non-Communist countries that Moscow and Peiping desire "peaceful coexistence," that reasonable and profitable arrangements with the Communist Bloc are possible, and that US

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[1] A note on the source text states that this estimate superseded NIE-10-2-54, Document 179.

* Asia, as here used, includes Japan, Taiwan, the Philippines, Indonesia, Ceylon, and all of mainland Asia east of (but not including) Iran and Afghanistan. [Footnote in the source text.]

[2] A note on the source text reads as follows: "Submitted by the Director of Central Intelligence. The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff. Concurred in by the Intelligence Advisory Committee on 23 November 1954. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G–2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant to the Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction."

policy is the only obstacle to a new era of peace in Asia. This new element conforms with present world-wide Communist tactics of minimizing tensions and of exploiting methods to divide the free world, and particularly to detach the US from its allies, during a period in which the significance of US nuclear superiority is being reduced. The professed Communist desire for "lessened tensions" in Asia appears in fact, however, to be marked by a desire to lessen the dangers of full-scale US military action against mainland China and to dull the vigilance of non-Communist Asia, while at the same time continuing Communist expansion by means short of open war. Within this framework, the Communists are prepared to maintain a state of extreme tension with the US and Nationalist China, accepting the attendant risks. In brief, Communist China and the USSR will continue their present policy of wooing Asia with protestations of peace, while at the same time continuing to subvert Asia, in the expectation that this long-range "peaceful coexistence" policy will with minimum risk result in both the realization of their present military and economic objectives and the eventual elimination of US influence from Asia.

3. The Chinese Communists will continue committed to the "liberation" of Taiwan and the offshore islands, defining this issue as an internal affair in which foreign interference will not be tolerated. Hence this issue will continue to present the greatest danger of largescale warfare in Asia.

4. We believe that as long as the US continues its firm support of the Chinese National Government, remains committed to the defense of Taiwan, and continues to keep major air and naval units available in the general area, the Chinese Communists will not attempt a fullscale invasion of Taiwan or the Pescadores. Short of invading Taiwan, the Communists will almost certainly concentrate on an interim policy of subversion and other means of softening up Taiwan for ultimate takeover.

5. We believe that the Chinese Communists will almost certainly increase the scale of their present probing actions against the Nationalist-held offshore islands, and will probably attempt to seize some of the major offshore islands. They would almost certainly attempt to seize some of the major offshore islands if their probing actions were to provoke no appreciable US counteraction. †

6. We believe that the Viet Minh now feels that it can achieve control over all Vietnam without initiating large-scale warfare. Ac-

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† The Assistant Chief of Staff, G–2, believes that this paragraph should read:

"We believe that the Chinese Communists will probably increase the scale of their present probing actions against the Nationalist-held offshore islands and are likely to seize some of these islands if such action appears desirable as part of their overall political-military-psychological program." [Footnote in the source text.]

cordingly, we believe that the Communists will exert every effort to attain power in South Vietnam through means short of war. Should South Vietnam appear to be gaining in strength or should elections be postponed over Communist objections, the Communists probably would step up their subversive and guerrilla activities in the South and if necessary would infiltrate additional armed forces in an effort to gain control over the area. However, we believe that they would be unlikely openly to invade South Vietnam, at least prior to July 1956, the date set for national elections.

7. Elsewhere in Asia (the Nationalist-held offshore islands and South Vietnam excepted as per paragraphs 5 and 6 above), the Communists will probably not, during the period of this estimate, initiate new local military actions with identifiable Soviet, Chinese Communist, North Korean, or Viet Minh forces.

8. The Asian non-Communist countries are dangerously vulnerable to the expansion of Communist power and influence because of their military weaknesses and consequent fear of antagonizing Communist China, their political immaturity and instability, the social and economic problems they face, and the prevalence of anti-Western nationalism. The effect of the Geneva Conference and subsequent events has been to increase this vulnerability. Accordingly, the Communist leaders almost certainly estimate that they have a wide area of maneuver open to them in Asia in which they can safely continue efforts at subversion and support of armed insurrection without incurring unacceptable US counteraction.

9. The Communists will probably continue to exercise considerable control in the northern provinces of Laos and will retain a capability for subversive activity against the Lao Government. However, we believe that the Laotians can limit Communist political advances and that an anti-Communist government will remain in power providing it continues to receive outside assistance and the Viet Minh do not invade or instigate widespread guerrilla warfare. We believe that the nature of Communist aggressive action against Laos will be moderated by the Communist desire to continue their "peaceful coexistence" line in Asia, particularly directed toward Indian reactions, and to a lesser degree by the possibility of US counteraction.

10. In the absence of a unilateral attack by ROK forces, resumption of hostilities by the Communists in Korea is unlikely.

11. Japan and India will become increasingly important targets for Communist "coexistence" policies and propaganda. We believe that the Communists will continue their efforts to undermine Japan's stability and present orientation and will seek an expansion of economic and cultural relations. They will make greater effort to create the impression that their terms for a resumption of

diplomatic relations with Japan are flexible, and may offer to conclude a formal peace settlement during the period of this estimate. We also believe that the Communists will focus increasing attention on India in an effort to insure at least its continued neutralism, and if possible to bring it closer to the Communist Bloc. However, even at the expense of friction with India, Communist China will seek to increase its influence in the Indo-Tibetan border area.

12. Communist influence in Indonesia has grown considerably since the present government took office in July 1953, and as a result of recent political developments the government is increasingly dependent upon Communist parliamentary support for its continued existence. We believe the Indonesian Communists will probably continue to support the present government or, if it falls, to work for the establishment of another government in which they would participate or in which their influence would be strong. They will try, through both constitutional and illegal means, to expand their influence in the bureaucracy and the armed forces, and to prevent the formation of a unified and effective opposition. They will probably also attempt to strengthen their capabilities by the organization of a Party-controlled armed force. In general, however, they will probably avoid highly aggressive tactics in the near future, lest these provoke counteraction by the military or by domestic opposition groups before their own strength has become great enough to deal with it. However, present strengths and trends are such that a Communist takeover in Indonesia by subversion or force is possible during the period of this estimate.

I. Introduction

13. The net effect to date of the Geneva Conference and of subsequent developments has been to advance the Communist position in Asia. Western prestige, in particular that of France and the US, has suffered greatly. Absorption of North Vietnam has strengthened the Communist strategic position in Southeast Asia, and has greatly increased Communist capabilities to subvert the remainder of Indochina, and Southeast Asia as well. Communist China's claims to great power status have been enhanced. Lastly, the Communists' "peace offensive" has had some successes in further deceiving many non-Communist elements as to ultimate Communist aims. The conclusion of the eight-power Manila Pact and the establishment of closer ties between Pakistan and the US have some potential for countering future Communist pressure, but their effect to date has not offset the gains of the Communists.

II. General Considerations

Communist Objectives in Asia

14. The USSR and Communist China share the following long-range objectives in Asia: (a) augmentation of the military and economic strength of Communist Asia; (b) elimination of US influence in Asia, and extension of the area of Communist political influence; and (c) neutralization and eventual domination of non-Communist Asia.

15. We believe that Communist China seeks: primarily, to carry out rapid industrialization of its economy and modernization of its military establishment and, for this purpose, to obtain greater Soviet assistance; to increase Chinese Communist influence over Communist movements in Asia; to gain an acknowledged position as a world power and as the leader of Asia; to gain control of Taiwan; and to eliminate the Chinese National Government. Communist China considers Taiwan to be part of China, and looks upon its acquisition as unfinished business of the Civil War. Apart from this, however, we believe that the Chinese Communists feel under no immediate compulsion to expand China's present borders, but will continue to keep alive certain border demarcation disputes.

16. We believe that the USSR seeks: to make Communist China a strong and reliable ally; to this end, to increase Communist China's military and economic strength, but to keep China dependent upon the USSR; and to increase Soviet influence over Communist movements elsewhere in Asia.

17. Certain Communist leaders elsewhere in Asia probably entertain objectives for their countries which do not coincide with the short-term aims of Moscow and/or Peiping. The objectives of the local parties may be considered in the formulation of Communist tactics, but over-all Bloc strategy will probably be formulated primarily on the basis of Sino-Soviet objectives, sacrificing if necessary the ambitions of local Communist parties.

Communist Relationships

18. The USSR has never controlled Communist China as it has its European Satellites, but seems rather to have dealt with China as an ally. In this partnership Moscow possesses preponderant influence because of the superior power of the USSR and because of Communist China's military and economic dependence on the USSR. The USSR is acknowledged by Communist China as leader of the Bloc. Nevertheless, the main outlines of Communist policy in Asia are almost certainly determined jointly by consultation between Moscow and Peiping, not by the dictation of Moscow. Communist China possesses capability for some independent action, even for action which the USSR might disapprove but which it would find difficult to repudiate. We believe, however, that the two countries are disposed to act in concert.

19. The influence of Communist China in the Sino-Soviet alliance has been growing since 1949. This growth has been accelerated since the death of Stalin, and has recently been made evident in the Sino-Soviet accords of 12 October 1954. This process is likely to continue during the period of this estimate. On a number of questions frictions may exist between Moscow and Peiping: over the control of Asian Communist parties, the nature and timing of action against Chinese Nationalist territories, the amount and character of Soviet aid to China, and perhaps other issues. We believe, however, that such frictions will not impair the effectiveness of the alliance during the period of this estimate.

Communist Strengths, Weaknesses, and Capabilities ‡

20. The Chinese Communist regime has effected a virtually complete consolidation of control in continental China. There is considerable popular resentment of the central authority, but there is no indication of serious organized resistance.

21. On the basis of present evidence, we believe that Chinese industrial expansion under Peiping's five-year plan will result in nearly doubling by 1957 the 1952 output of the modern industrial sector. However, farm output has lagged during the last two years, and during the past year the regime has moved to impose more rigorous controls over the economy in an attempt to maintain its industrial progress. To counteract increasing consumption pressures, Peiping has monopolized the distribution of important consumer goods and has instituted a rationing system for large segments of the population. To increase its controls over production, the Communist regime is establishing a program providing for compulsory sales of specified amounts of farm products to the state, and has speeded up socialization measures which by 1957 aim to organize over half the nation's farmers and handicraft workers into production cooperatives and to place virtually all industry and trade under state enterprises.

22. The Chinese Communists have certain capabilities for, and have demonstrated considerable skill in, employing trade or trade overtures for political warfare purposes, even with the limited means at their disposal. Moreover, the regime has with some success sought to convey the impression that relaxation of trade controls would open large markets for industrial products in Communist China and would develop sources of raw materials, a development which would ease some of the problems now facing industrial countries such as Japan and certain Western European nations. In

‡ Certain of these questions are discussed in detail in NIE 11-4-54, "Soviet Capabilities and Probable Courses of Action through Mid-1959," dated 14 September 1954. [Footnote in the source text.]

addition, the regime has impressed many non-Communist countries with its statements that trade controls are a major hindrance to a general reduction of political tensions in Asia. Actually, these claims of the possibility of greatly expanded trade appear to be largely propaganda. In time, with the development of its industrial base, Communist China's capability for political warfare by economic means will be enhanced. The USSR's capability in this regard in Asia is far greater than that of China, but is still substantially limited by internal Soviet demands and other pressing needs within the Bloc. §

23. The Chinese Communist Army of over two million has been gradually improving in combat and organizational effectiveness. The role of the Navy will be primarily limited to operations in coastal waters. Its capabilities may be increased by the addition of at least 6 submarines and 50 motor torpedo boats. The Air Force, which has some 2,200 aircraft, of which more than half are jet-propelled, is gradually improving in numbers of aircraft, quality of aircraft and equipment, and in combat effectiveness. It is limited primarily to operations under conditions of good visibility, and is unlikely to develop a substantial all-weather capability during the period of this estimate. During the period of this estimate, the Chinese armed forces will remain critically dependent on the USSR for resupply of heavy equipment, spare parts, aircraft, and POL. However, the strategic position of China will be improved by the expected completion in 1955 of a new Sino-Soviet rail link through Mongolia.

24. Chinese Communist forces are capable of overrunning Thailand, Burma, and the free states of Indochina against the non-Communist forces currently present in those areas, or against any indigenous forces likely to be developed in the area during the period of this estimate. The Chinese Communists will have the capability throughout the period of this estimate to seize Taiwan, the Pescadores, and the offshore islands if opposed by Chinese Nationalist forces alone. Communist China is capable of successfully defending itself against any invasion effort by any non-Communist Asian power, despite China's logistical problems and vulnerabilities to attack.

25. The demands of Communist China's domestic programs, together with China's vulnerability to air attack, will probably tend to inhibit Chinese acceptance of major risks in the field of foreign

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§ The problem of trade controls is being examined in detail in NIE 100–5–54, "Consequences of Various Possible Courses of Action with Respect to non-Communist Controls over Trade with Communist China," currently in preparation. [Footnote in the source text.]

affairs. If, as we believe probable, these domestic programs go forward without major setbacks, this progress will augment China's capabilities for extending Communist influence in Asia. There might be some danger of foreign policy adventurism in the event of major setbacks in China's domestic programs. We believe, however, that on balance such setbacks would have the opposite effect—that of dictating abstention from military aggression.

26. The Communist regimes in North Korea and particularly in North Vietnam augment Chinese Communist and Soviet military and political strengths in Asia. These two areas will serve both as buffers protecting China and the USSR, and as bases for further Communist political or military expansion in Asia. The economies of both North Korea and North Vietnam will be closely coordinated with those of the Communist Bloc during the period of this estimate. Primarily because of Bloc aid, North Korea will probably effect substantial economic recovery by 1957. However, pre-1950 levels of production in North Korea will probably not have been attained, and heavy demands on the populace will almost certainly detract from willing support of the regime's programs.

27. The Viet Minh is consolidating and reorganizing its armed forces by grouping previously independent regular and regional units to form new divisions with augmented firepower. This augmented firepower will result principally from a high level of Chinese aid in 1954, including illegal aid since the cease-fire. By the end of 1955, the Viet Minh will probably have at least 11 or 12 infantry divisions, two artillery divisions, and one anti-aircraft division. These developments would more than double the pre-Geneva combat effectiveness and capabilities of the Viet Minh regular army. It will exert an even greater intimidating effect upon the Vietnamese than it has to date. A Viet Minh Air Force will probably be developed, covertly or otherwise, during the period of this estimate. The Viet Minh regime will continue to require Bloc military, technical, and possibly economic assistance, and its policies will probably reflect a consensus of Sino-Soviet views. The Viet Minh is expanding and improving its transportation and communication facilities, including rail and highway links with South China.

28. The large overseas Chinese communities in many Southeast Asian countries provide the Chinese Communists with a significant potential channel of subversion. Such support as was given by these overseas Chinese to the Communist regime has diminished substantially since 1950 under the impact of Communist domestic policies affecting the families and property of overseas Chinese, as well as a consequence of Communist efforts to extort remittances from overseas Chinese. At present the great bulk of the 10 million overseas Chinese tend to be politically inactive and neutral, with

the politically-minded minority split between allegiance to the Communists and the Chinese National Government. However, Communist influence among overseas Chinese youth has been increasing, especially since the Geneva Conference. In sum, the subversive role of the overseas Chinese in Southeast Asia generally is limited by the apolitical nature of most overseas Chinese, by their isolation in the Southeast Asian communities, and by the popular onus they tend to bring to any cause with which they are too closely associated. However, these overseas Chinese communities maintaining numerous ties with the Chinese mainland will provide a useful channel for Communist infiltration, espionage, and propaganda activity, and would, in the event of war or insurrection, constitute a grave threat.

Non-Communist Vulnerabilities

29. Within most of the countries of non-Communist Asia, a state of uneasy equilibrium exists. No Communist party outside of Vietnam and possibly Laos at present possesses a military strength sufficient by itself to threaten seriously the existence of the national government. Furthermore, no Communist party in the area, with the exception of that in Indonesia, has the capability of significantly influencing the national government's alignment. Despite these facts, the Asian non-Communist countries are dangerously vulnerable to the expansion of Communist power and influence because of their military weaknesses and consequent fear of antagonizing Communist China, their political immaturity and instability, the social and economic problems they face, and the prevalence of anti-Western nationalism. The effect of the Geneva Conference and subsequent events has been to increase this vulnerability.

30. South Vietnam remains the most vulnerable to Communist subversion and expansion. Developments in Vietnam will have a direct bearing on non-Communist prospects in Laos and in Cambodia, and in turn Communist successes in South Vietnam, Laos, or Cambodia would markedly increase the vulnerability of other Southeast Asian states to Communist tactics.

Communist Estimate of the Situation

31. There has been no evidence of change in the basic Communist view that the US represents the center of opposition to the maintenance and extension of Communist power in Asia. While the Communists almost certainly believe that the ultimate US objective in Asia is the overthrow of the Chinese Communist regime, they interpret present US domestic and foreign policies as indicating that the US in the foreseeable future does not intend, unless provoked by Communist action, to wage large-scale war or to run great risks thereof in Asia. Furthermore, they probably also interpret these policies, especially US restraint in Korea and Indochina,

as indicating that immediate US policies in Asia go no further than opposing the further expansion of Communist power and influence, building up the strength of non-Communist Asia, and hindering achievement of Chinese Communist domestic objectives.

32. The Communists probably also believe that their capabilities for a long, primarily political struggle are greater than those of the US. The Communist leaders almost certainly estimate that they have a wide area of maneuver open to them in Asia in which they can safely continue efforts at subversion and support of armed insurrection without incurring unacceptable US counteraction. The Communists probably recognize that differences among the non-Communist powers on many aspects of Asian policy make it difficult for the US to bring effective force to bear against Communist expansion through measures short of overt aggression.

33. The Communists almost certainly believe that recent events, while demonstrating a US reluctance to become involved in major war in Asia, have delimited more clearly the area in which the US would take military counteraction to prevent Communist military conquest. In particular, the Communists probably believe that open military aggression against Japan, Taiwan, the ROK, Thailand, the Philippines, or Malaya would lead to strong US counteraction, probably including action against mainland China and possibly including the use of nuclear weapons. They probably further estimate that an overt military attack against Laos, Cambodia, or South Vietnam might result in at least local US military action, and that an overt attack on any other non-Communist Asian state would entail serious risk of US military counteraction. Moreover, there is almost certainly also a large twilight area of possible courses in which the Communists are uncertain of US reactions. Such courses probably include: attacks on the Nationalist offshore islands, greatly intensified paramilitary subversion in Indochina, or infiltration of armed groups in Thailand.

34. The Communists, particularly the Chinese Communists, almost certainly regard the orientation of Japan and India as the key to the future balance of power in Asia. The Communists probably believe that Japan's ties to the West can be weakened by a policy involving economic and political inducements. They probably consider that in the near future a policy toward India which shows at least a superficial respect for India's position in South and Southeast Asia will best maintain India's neutral position.

35. The Communist estimate of US actions and reactions in Asia will be the factor of paramount importance in their determination of courses of action in Asia throughout the period of this estimate.

III. Main Lines of Communist Policy in Asia

36. The current tactic of the Communists in Asia appears to be a variant of their familiar policy of combining professions of peaceful intent with continued efforts at subversion and continued expansion of the Communist capability for war. The chief new element in this policy, evident since the death of Stalin and particularly since the calling of the Geneva Conference in early 1954, is a heightened effort to convince non-Communist countries that Moscow and Peiping desire "peaceful coexistence," that reasonable and profitable arrangements with the Communist Bloc are possible, and that US policy is the only obstacle to a new era of peace in Asia. This new element conforms with present worldwide Communist tactics of minimizing tensions and of exploiting methods to divide the free world, and particularly to detach the US from its allies, during a period in which the significance of US nuclear superiority is being reduced. The professed Communist desire for "lessened tensions" in Asia appears in fact, however, to be marked by a desire to lessen the dangers of full scale US military action against mainland China and to dull the vigilance of non-Communist Asia, while at the same time continuing Communist expansion by means short of open war. Within this framework, the Communists are prepared to maintain a state of extreme tension with the US and Nationalist China, accepting the attendant risks. In brief, Communist China and the USSR will continue their present policy of wooing Asia with protestations of peace, while at the same time continuing to subvert Asia, in the expectation that this long-range "peaceful coexistence" policy will with minimum risk result in both the realization of their present military and economic objectives and the eventual elimination of US influence from Asia.

37. The Communists will attempt to impress free-world countries, particularly Japan and the Asian neutrals, with their willingness to negotiate outstanding issues. In so doing, they will probably make proposals for settlements which may be attractive to some non-Communist nations but contrary to US interests, and, as at Geneva, may on occasion make significant procedural and tactical concessions. Communist China may attempt to negotiate, on the basis of the Chou-Nehru five points, [3] a series of mutual nonaggression, coexistence understandings with most of its Asian neighbors. In these efforts, the Communists will continue to seek greater rec-

[3] Reference is to the five principles set forth in the communiqué issued on June 28, at the conclusion of Chou's visit to India, as those which should guide relations between the two countries: mutual respect for each other's territorial integrity and sovereignty, nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. See footnote 3, Document 233.

ognition and acceptance of the Peiping regime, and to hold out the promise that Asian and world problems can be solved by Great Power deliberation if Peiping is permitted to participate therein. In addition, the wisdom of closer diplomatic ties with Peiping will be impressed upon non-Communist Asia by constant exaggeration of Communist China's strength, progress, and peaceful intent.

38. The Communists will almost certainly make every effort to publicize the attractive possibility for non-Communist nations of increased trade with the Bloc, and to blame the trade control program, and the US as the chief supporter of that program, for the failure of international trade to reach higher levels. Communist China will also seek such trade to supplement Bloc assistance to China's industrialization program, to reduce such demands on Bloc over-all economy as this program may now entail, to carry out politico-economic courses of action elsewhere in Asia, and to reduce the level of domestic political pressures required to support economic programs. It is probable that Communist China will continue to exchange trade missions with many non-Communist countries and to negotiate trade agreements, both formal and informal, which express hopes of a high level of trade and disapproval of trade restrictions. ‖

39. Except as noted below with respect to the Chinese Nationalist-held offshore islands and South Vietnam, the Communists will probably not, during the period of this estimate, initiate new local military actions in Asia with identifiable Soviet, Chinese Communist, North Korean, or Viet Minh forces. Communist courses of action will probably be designed to expand the area of political struggle while maintaining and increasing capabilities for future military action. The Communists will almost certainly attempt increasingly to utilize Communist China's power and prestige in Asia as a spearhead for Bloc policy there.

40. Despite our estimate that new Communist military aggression in South and Southeast Asia is unlikely, the Communists might undertake new aggression in reaction to US policies, or a result of miscalculation on their part of probable US reactions, or because of prospects of easy success in some area, especially if the strength and determination of the US and states cooperating with it seemed to be weakened. In particular, acute crises may arise out of the Geneva settlement or out of the Chinese Communist determination to gain possession of the Nationalist-held off-shore islands

‖ The problem of trade controls is being examined in detail in NIE 100–5–54, "Consequences of Various Possible Courses of Action with Respect to non-Communist Controls over Trade with Communist China," currently in preparation. [Footnote in the source text. The estimate under reference is apparently NIE–100–55, Jan. 11, 1955.]

and Taiwan. Thus, throughout the period of this estimate, the possibility of war remains.

41. The Chinese Communists will continue their efforts to subvert and exploit the overseas Chinese in Southeast Asia. They will attempt to gain control over schools and youth, commercial and other groups, and will exploit continuing ties between these communities and mainland China for financial purposes, and as a channel for infiltration, espionage, and propaganda. The degree of Communist success in exploiting the overseas Chinese will be strongly influenced by the overall fortunes of Communist China. However, because the usefulness of most of these Chinese is limited (their members are apolitical, culturally isolated, and disliked by the indigenous populations), the Communists will probably concentrate their activities primarily on the governments and indigenous populations of Southeast Asian countries. The Chinese Communists may even make compromises on the nationality status of overseas Chinese, believing that such compromises would not greatly diminish the subversive potential of the overseas Chinese communities.

IV. Specific Courses of Action

Nationalist China

42. The issues between Nationalist and Communist China will continue to present the greatest danger of large-scale warfare in Asia. The Peiping regime will continue committed to the "liberation" of all Chinese Nationalist-held territory, defining this issue as an internal affair in which foreign interference will not be tolerated. The future course of Communist action toward the offshore islands and Taiwan will be determined largely on the basis of the Communist estimate of US reactions. ¶

¶ The Assistant Chief of Staff, G–2, believes that this paragraph should read as follows:

"Chinese Communist activity against Taiwan and the offshore islands has fluctuated during the last four years from almost complete indifference to recent heavy pressure against the Chinmens and the Tach'ens. Current pressure appears to be part of an over-all pattern of Communist politico-military action. The Peiping regime is committed to the "liberation" of all Chinese Nationalist-held territory and has defined this issue as an "internal affair" in which foreign interference will not be tolerated. A successful assault against the offshore islands is well within Communist capabilities, and it would be unreasonable to assume that they think otherwise. These islands pose no particular military threat to the Chinese Communists and are of only limited military, political, and psychological value to the Chinese Nationalists. However, the Chinese Communists, by continuing military pressure against the offshore islands without direct assault, are able to keep the Chinese Nationalists and the US on the defensive wondering where the Communists will strike next. In addition, Communist propaganda concerning Taiwan tends to accentuate the divergence of views between the US and her allies on the China question." [Footnote in the source text.]

43. We believe that the Chinese Communists will continue to bomb and conduct raids against the Nationalist-held offshore islands, to occupy undefended adjacent islands, and to increase air, naval and artillery activities. They will almost certainly increase the scale of such probing attacks on the offshore islands, and will probably attempt to seize some of the major offshore islands during the period of this estimate. They would almost certainly attempt to seize some of the major offshore islands if their probing actions were to provoke no appreciable US counteraction. On the other hand, as long as the US responds to these probing attacks with shows of force, the Communists may not attempt all-out assaults against the major offshore islands. In any event, the Chinese Communists may attempt to provoke local incidents involving US forces which could then be put formally before the UN as a case of US aggression and of US interference in the internal affairs of China. **

44. We believe that as long as the US continues its firm support of the National Government, remains committed to the defense of Taiwan, and continues to keep major air and naval units available in the general area, the Chinese Communists will not attempt a full-scale invasion of Taiwan or the Pescadores. They probably believe that such actions would lead to war with the US, possibly including nuclear weapon attacks on mainland China. If the Chinese Communists should come to believe that US determination to defend Taiwan had markedly decreased, the liklihood of a Communist assault on Taiwan would be greatly increased. Finally, if the Chinese Communists should come to believe in the course of their tests of US intentions or otherwise that the US would not in fact defend Taiwan and the Pescadores, they would probably attempt to take over Taiwan by force.

45. Short of invading Taiwan, the Communists will almost certainly concentrate on an interim policy of subversion and other means of softening up Taiwan for ultimate takeover. To this end, they will probably attempt to undermine the international and domestic position of the Chinese National Government and to weaken its ties with the US. Through propaganda and diplomacy, they will

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** The Assistant Chief of Staff, G–2, believes that this paragraph should read as follows:

"We believe the Chinese Communists will continue to bomb and conduct raids against the Nationalist-held offshore islands, to occupy undefended adjacent islands, and to increase air, naval, and artillery activities. Peiping probably estimates that efforts to take the Nationalist-held offshore islands may involve a risk of war with the US. However, in spite of their estimate that risk of war may be involved, the Chinese Communists are likely to attempt to seize some of the Nationalist-held islands if such action appears desirable as part of their over-all political-military-psychological program." [Footnote in the source text.]

attempt to embarrass and discredit the US and the National Government, to exacerbate existing differences between the US and its allies and other non-Communist powers on the Taiwan issue, to promote international favor for an ultimate disposition of Taiwan acceptable to themselves, and to put pressure on the US to withdraw its military protection and support. Meanwhile, through continuing operations against the offshore islands, psychological warfare, subversion, and perhaps nuisance air raids against Taiwan, they will try to undermine Nationalist morale, increase their espionage and sabotage potential on Taiwan, encourage defections, and promote political unrest on the island.

[Here follows discussion relating to other countries in Asia.]

No. 405

793.5 MSP/11-2354: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

SECRET TAIPEI, November 23, 1954—2 p.m.

355. Department's 297. [1] On October 27, I received from Foreign Minister three copies "Hsieh Plan" dated September 19 [2] asking for additional military aid. He said others being furnished Department through Chinese Embassy. I gave copies to FOA and MAAG for study.

Initial MAAG comment submitted to Department Army, CNO CINCPAC by telegram MG-9953 of October 30. [3] Further comment from Taipei postponed following word from Foreign Ministry that plan being revised for submission near future.

Not certain whether Department has original September 19 plan or revised plan which latter not yet received by United States agencies Taipei. Total mentioned reference telegram is $106,225,000 while September 19 figure was $104,280,000. Endeavoring obtain latest revisions and believe comment beyond that expressed in MG-9953 should be postponed until these received.

Embassy, FOA and MAAG agree any plans for utilization manpower should give priority to:

(1) Filling existing approved units to full strength;

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[1] Document 395.

[2] Not printed.

[3] Not printed.

(2) Replacing ineffectives (Embassy telegram 340) [4] and that resources and funds, Chinese or American, which might remain or be made available should be applied to reserve program.

In line with above objectives, Chinese have prepared plan to bring all active army units (24 divisions) to full strength by April 1955. A separate plan has been presented to resettle 16,000 non-hospitalized ineffectives (over 45 years of age) during FY 1955. Summary of projects this purpose have been submitted to FOA.

To date, no information available here re second memorandum on naval vessels mentioned Department telegram 297. However, MAAG tentatively supports augmentation vessels by 6 LSUs, 6 LSTs and 2 DDs in addition replacement for DE *Taiping* recently lost. [5]

RANKIN

[4] See footnote 2, Document 395.

[5] A memorandum of Jan. 7, 1955, from FOA Director Harold E. Stassen to Secretary Dulles informed him that the President, in accordance with recommendations by the Departments of State and Defense and the Foreign Operations Administration, had approved on Jan. 6 the loan of a destroyer to the Republic of China as a replacement for the destroyer escort *Taiping*. (793.5621/1-755)

No. 406

611.95A241/11-2354: Telegram

The Secretary of State to the Consulate General in Geneva [1]

CONFIDENTIAL
PRIORITY

WASHINGTON, November 23, 1954—7:17 p.m.

423. Chinese Communist radio has announced sentencing of 11 Air Force personnel and two civilians to prison terms ranging from 4 years to life for alleged espionage. Air Force men are Colonel Arnold [2] and his crew on B-29. Civilians are Department Army employees John T. Downey and George Fecteau missing in flight November 1952 Korea to Japan. You should call Chinese Communist representative into meeting soonest to protest their action as groundless informing them U.S. Air Force has radar evidence Col. Arnold's plane was intercepted by a group of Chinese Communist fighter planes 12-15 miles south of Yalu when last heard of. You should also point out Chinese Communists have never before mentioned Fecteau and Downey despite repeated requests our part they

[1] Repeated for information to London.

[2] Col. John K. Arnold, Commander, 581st Air Resupply and Communications Wing.

account for all Americans, and that this is an especially flagrant example deplorable Chinese Communist practice holding prisoners incommunicado.

Department making statement to press tonight, text of which contained in immediately following telegram. [3]

DULLES

[3] Telegram 424 to Geneva, Nov. 23. (611.95A241/11-2354) The text of the statement, announcing that the Consul General in Geneva was being instructed to make a protest, is printed in Department of State *Bulletin*, Dec. 6, 1954, p. 856.

No. 407

794A.5 MSP/11-2454

Memorandum of Conversation, by the Deputy Director of the Office of Chinese Affairs (Martin) [1]

TOP SECRET
LIMITED DISTRIBUTION

[WASHINGTON,] November 24, 1954—11 a.m.

Subject: New Zealand Initiative

Participants: G. R. Laking—Minister, New Zealand Embassy
R. H. Wade—First Secretary, New Zealand Embassy
Mr. MacArthur—Counselor
Mr. Edwin W. Martin—Deputy Director for CA

Referring to the meeting with the Secretary yesterday [2] and to the initialling of the Mutual Defense Treaty, Mr. Laking inquired whether the Secretary's memorandum of September 30th [3] on the New Zealand initiative was still valid. Mr. MacArthur replied that he felt that the Secretary had made it clear yesterday that we still wished to go ahead. Mr. Laking indicated that this was his understanding but he simply wished to confirm it.

He then raised the question of the timing of the move. Should it be made immediately after the announcement of the treaty, which he understood was scheduled for next Tuesday, [4] or should it be delayed for three or four days after the announcement, as Mr. Eden had suggested in London. New Zealand was inclined to prefer the shorter interval. Mr. MacArthur recollected that the Secretary had indicated the target date for the treaty announcement was 4 p.m. Tuesday, but it might be postponed to Wednesday or Thursday. Mr.

[1] Initialed by MacArthur, indicating his approval.

[2] No record of this meeting has been found in Department of State files.

[3] Reference is apparently to the memorandum which Dulles gave to the New Zealand High Commissioner in London on Sept. 29; see footnote 1, Document 309.

[4] Nov. 30.

MacArthur did not think that we had a position yet as to whether the UN move should be made the day after the treaty announcement or three or four days later. We would want to know what the New Zealand views were on this question.

Mr. Laking then asked, assuming the UN move goes forward, what will be the attitude of the Chinese Nationalists? He recalled that the Secretary had said yesterday that the Chinese didn't like the proposal and now appeared to be even less enthusiastic, but they would probably not veto it. Mr. Laking said that New Zealand would like to get information as to what the Chinese attitude is now. He asked 1) whether we would ascertain the Chinese views, and 2) whether it would be useful for New Zealand to explore the subject informally with the Chinese. Mr. MacArthur replied that he was not able to answer these questions but that Mr. Robertson or Mr. McConaughy, who had been in close touch with the Chinese, might be able to.

Mr. Laking recalled that at one time fairly detailed arrangements had been worked out for notifying other delegations before the move was made in the Security Council. He felt that these arrangements should be looked into again. Mr. MacArthur agreed, saying that we ought to get agreement on specific steps to be taken in the UN.

Mr. Laking then asked when the text of the treaty and the exchange of notes would be made public. He said that the British seemed to attach some importance to the statements about the treaty so that it would be made clear that Formosa would not be "a privileged sanctuary". Mr. MacArthur said we would try to get answers to these questions this afternoon and that Mr. McConaughy or Mr. Robertson would get in touch with them. Mr. Laking said they were anxious to get a message off to Wellington tonight and would be glad to see Mr. Robertson or Mr. McConaughy this afternoon. [5]

[5] A Nov. 24 memorandum of conversation by McConaughy records a meeting that day with Laking and Wade but does not indicate that these questions were answered. (794A.5 MSP/11-2454)

No. 408

611.93241/11-2454

Memorandum Prepared in the Department of Defense for the Operations Coordinating Board [1]

TOP SECRET WASHINGTON, 24 November 1954.

Subject: U.S. Reaction to the Imprisonment of American Prisoners of War in Communist China

1. The international position of the U.S. vis-à-vis Communist China has been seriously jeopardized by the illegal and amoral action of the Chinese Communist Government in sentencing and in imprisoning U.S. citizens captured by the Chinese Communist armies, incident to the Korean war.

2. Taken together, the entire matter of the 944 prisoners still unaccounted for by the Chinese Communists, the confessed retention by the Chinese Communists of 13 "political prisoners", and now the culminating act of the Chinese Communists in sentencing these so-called political prisoners for "espionage" comprise a situation which, it is believed, the Government cannot expect to satisfy by the simple act of expressing yet another protest to the Chinese Communist Government.

3. There follows therefore a series of possible actions which the U.S. might undertake as a means of applying pressure on the Chinese Communist Government to secure the release of these prisoners and as a means of making it clear that the sovereign rights of this nation and its citizens may not be abused with impunity.

4. It is recognized that many of the actions listed herein have ramifications beyond the immediate territorial and national aspects of our China policy. Most will occasion reaction from our European allies; some will probably have an adverse effect upon our relations with the neutral nations in Asia. On the other hand, it is believed that a forceful and effective action program will in the long run be more beneficial than harmful to free world interests in the area. Possible courses of action are as follows:

a. The public announcement of the imposition of a sea blockade on all or several Chinese Communist ports in retaliation for the continued illegal imprisonment of U.S. citizens.

b. The seizure of one or more Chinese Communist flag vessels and their crews to be held hostage for the return of the Americans illegally imprisoned.

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[1] The source text is unsigned; it bears the letterhead of the Secretary of Defense. Parts of the memorandum were read by Acting Secretary of Defense Anderson at an informal OCB meeting on Nov. 24; see the memorandum, *infra*.

c. The delivery of a *de facto* ultimatum that unless these prisoners are returned to U.S. control within a stated period of time, air action against selected Chinese Communist port or industrial facilities will be initiated—not as an act of war but as an act of retaliation.

d. The immediate initiation within the UN of a censure resolution with provision for the establishment of an investigations commission empowered to enter Chinese Communist territory.

e. Covert U.S. support for Chinese Nationalist seizure of additional off-shore islands now held by the Chinese Communists as retaliation for the illegal imprisonment of Chinese and American individuals, to be followed by overt U.S. association with the action.

f. Provision of support for a medium-scale raid on the China mainland by the Nationalists for purposes of seizing hostages followed by open U.S. support of such action.

g. An announced intention by the U.S. to support the interdiction of the Shanghai–South rail lines of communication.

5. *It is recommended* that the Board consider these or other possible courses of action which might be feasible with a view to making recommendations thereon to the National Security Council and the President as a matter of utmost urgency.

No. 409

611.93241/11-2454

Memorandum by the Deputy Under Secretary of State (Murphy) to the Assistant Secretary of State for Far Eastern Affairs (Robertson) [1]

TOP SECRET [WASHINGTON,] November 24, 1954.

There was very active discussion at the OCB informal meeting today regarding the Americans sentenced to imprisonment in Red China. It was agreed on General Cutler's urgent suggestion that the President be prepared to make a public statement on this subject. Apparently the White House has been bombarded by a number of inquiries from families and others. Mr. Dulles made a report regarding the CIA personnel involved and Secretary Anderson reported the thinking which has been generated in Defense. He read from a memorandum prepared by Defense certain suggestions of possible courses of action. I obtained from him the attached copy. It was the consensus that State and Defense should make an immediate and careful study into possible courses of action with especial reference to the blockade question. It was thought that the sentiment throughout the country would favor some form of con-

[1] Filed with the memorandum, *supra*.

crete action in addition to whatever protests and notes might be sent via channels. I reported on my conversation with you regarding the action taken via Geneva and stated the personal opinion that we should also proceed through the regular channel, as you and I had discussed this morning, of the British Chargé in Peiping, who is now charged with representation of American interests. [2]

It was agreed that a working group should be set up immediately, consisting of representatives of State and Defense. [3] I suggested that you would take charge of this as a matter of urgency. General Cutler was particularly insistent that a study be made of precedents again having special reference to the question of blockade. I told him that I thought Mr. Phleger had this matter under consideration but that I would bring this to his attention immediately.

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[2] The text of a message sent through British channels to the Chinese Chargé in London and to the Foreign Ministry in Peking is printed in Department of State *Bulletin*, Dec. 6, 1954, pp. 856–857. Telegram 2556 from London, Nov. 29, reported that both messages had been returned with covering notes stating that the verdicts on the 13 Americans had been based on irrefutable testimony and that the U.S. message was found unacceptable. (611.95A241/11–2954)

[3] The report of the *Ad Hoc* Working Group, which consisted of representatives of the Departments of State and Defense and the Central Intelligence Agency, with a covering memorandum of Nov. 30 by the chairman, Walter McConaughy, is filed with the memorandum *supra*. The report concluded that the only proposal which offered any real possibility of resolving the problem was an offshore naval blockade, to be imposed only after obtaining authority from Congress and specifically exempting Hong Kong and Soviet flag vessels destined for Port Arthur and Dairen.

No. 410

PPS files, lot 65 D 101, "China"

Memorandum by the Director of the Policy Planning Staff (Bowie)

TOP SECRET [WASHINGTON,] November 26, 1954.

Mr. Phleger talked with me this afternoon about proposals for action now under study in response to the Chinese sentences on U.S. personnel. He said that he had looked into the facts and found that certain of the individuals were connected with CIA and were not in uniform, but that eleven were members of the Armed Forces and had been engaged in dropping leaflets. He said that his conclusions on the matter were as follows:

1. That any blockade would be an act of war;
2. That such action would require Congressional approval;
3. That retention of the military personnel appeared to be in violation of the Korean Armistice and was certainly contrary to statements made to the British and to us at Geneva;

4. That a blockade would be contrary to our obligations under the UN Charter to settle disputes peaceably and without resorting to force and could not be justified as a reprisal.

Mr. Phleger concluded that we should not undertake a blockade, but should attack the action as a violation of the Armistice and the assurance given to us and the British, and should seek to line up the sixteen nations and demand adherence to the Armistice terms. He said he assumed from the reports already issued that the Chinese had succeeded in extracting factual confessions from at least some of the individuals and would have a fairly circumstantial report on the episode.

No. 411

INR–NIE files

Special National Intelligence Estimate

TOP SECRET
SNIE–100–6–54

WASHINGTON, 28 November 1954.

WORLD REACTIONS TO CERTAIN POSSIBLE US COURSES OF ACTION AGAINST COMMUNIST CHINA [1]

THE PROBLEM *

To estimate Communist and non-Communist reactions to an offshore and/or an inshore blockade † of Communist China imposed

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[1] A note on the source text reads: "Submitted by the Director of Central Intelligence. The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff. Concurred in by the Intelligence Advisory Committee on 28 November 1954. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G–2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC and the Assistant to the Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction."

* This paper does not take into account the legal aspects of the posited blockade either from the domestic or international point of view. [Footnote in the source text.]

† Within the context of this paper an *Offshore Blockade* assumes that the blockading forces are maintained at a distance from the coast, and that all designated traffic, entering or departing Communist Chinese ports from or for overseas destinations, will be intercepted.

An *Inshore Blockade* is assumed to include, in addition, all oceangoing coastwise traffic between Chinese Communist ports and between Chinese Communist and adjacent foreign ports. Depending on the tightness of the blockade commercial or fishing junks may or may not be included. [Footnote in the source text.]

unilaterally by the US in retaliation for the recent sentencing by Communist China of US citizens to prison terms.

ASSUMPTION

The imposition of the US blockade would be publicly announced and its scope defined and would be preceded, or accompanied, by a formal US statement, possibly in the UN, of a "bill of particulars" against Communist China, and an expression of support from the US Congress, possibly in the form of a Joint Resolution.

THE ESTIMATE

I. Economic Effects of the Blockade

1. A blockade of Communist China which included Port Arthur, Dairen, Hong Kong, and Macao (paragraph 4 considers the effects of excluding these ports from the blockade) would cut off Communist China's seaborne foreign trade which was estimated to have included, in 1953, at least 1.5 million tons of imports and 3 million tons of exports. If the blockade were extended to coastal waters it would be only partially effective against localized junk traffic but would virtually eliminate oceangoing coastal traffic estimated for 1953 at approximately 4 million tons per year. ‡

2. The Communists would probably estimate that the Bloc would be able to supply from its own production or by transshipment from the West a substantial portion of the essential imports presently entering Communist China by sea. Overland transportation routes to China would be adequate to handle the extra burden of tonnage coming from the USSR. In terms of internal transport adjustment, the blockade would require the costly reorientation of China's present rail traffic pattern and the acceptance by an already strained railroad system of a significant burden of long-haul traffic now handled in coastwise and overseas oceangoing vessels. § Moreover, there are large portions of China, specifically the Chekiang and Fukien provinces, which are almost completely isolated

‡ The Director of Naval Intelligence and the Deputy Director for Intelligence, The Joint Staff, believe that paragraph 1 should be extended as follows: "The imposition of an inshore blockade, involving only oceangoing shipping (1,000 GRT or over) engaged in coastwise traffic, would have immediate and serious effects on the Chinese economy already considerably dislocated by the recent floods. If the blockade were extended to junk traffic, fishing and commercial, and even if it were only partially effective, the effects would be more far-reaching." [Footnote in the source text.]

§ The Director of Naval Intelligence; the Assistant Chief of Staff, G–2, Department of the Army; and the Deputy Director for Intelligence, The Joint Staff, believe that the second and third sentences of this paragraph should read:

"However, the overland transportation routes into China and the inland transportation system in China would probably not be adequate to handle additional essential imports unless there was a reduction in less vital tonnage presently being carried." [Footnote in the source text.]

except for seaborne trade since no rail lines are available in these areas.

3. Communist China's economic adjustments to the blockade would require considerable time and in the short run the blockade would impose serious economic problems. Additional strains would be placed on the inadequate internal transportation system and trade would be reduced. The Bloc would not be able to fill entirely Chinese Communist requirements for certain critical items. The sum of these adverse effects would, however, be small in relation to Communist China's gross national product or to Communist China's budgetary expenditures but would retard Communist China's economic growth. Over an extended period, the adverse economic effects would decrease as Communist China expanded its own production of critical goods and as the expected growth in the Soviet ability to export capital goods takes place over the next two to five years.

4. Should the blockade exclude Port Arthur and Dairen, the economic effects would be lessened since Port Arthur and Dairen and the supporting rail network can handle substantial additional tonnages. Exclusion of Hong Kong (and Macao) would also lessen the economic effects of the blockade with the exact effect depending on the nature of trade controls maintained by the UK on transshipments into the mainland.

II. Probable Communist Reactions

General Considerations

5. The Chinese Communists would be seriously concerned over the economic effects of the blockade, but their reactions against the blockade itself and with respect to the issue of US prisoners would be determined to a much greater extent by political and military considerations and by the counsel of the USSR.

6. Peiping probably feels that it has a convincing case against the US prisoners, or at least against certain of them. More importantly, it would feel that its prestige as a leading Asian power had been directly challenged by the US blockade. Peiping would probably estimate that the blockade would offer possibilities for the Communists to isolate the US on this issue. Peiping would probably be surprised at the vigor of the US reaction and would be concerned lest it signified a US intention to take still more aggressive action against Communist China. In any case, Peiping would probably believe that the US was willing to proceed without its allies and that the US was psychologically prepared at the moment to attack the mainland in reaction to any attack against the blockading forces.

Offshore Blockade

7. In this situation we believe the initial Chinese Communist reactions to an offshore blockade would not include either the use of military force against it, release of the US prisoners, or initiative to negotiate on the prisoner issue. We believe Peiping would attempt propaganda exploitation of the issue, playing on the fears of war of the non-Communist world, and would produce a substantial volume of evidence designed to refute official US denials of the validity of the espionage charges. For a time not presently determinable, the Communists probably would take no military counteraction while they gauged non-Communist reactions, the effect of these reactions on official and popular sentiment in the US, and their own relative capabilities. They might expect that eventually the US would accept some resolution of the impasse which did not diminish Communist China's prestige.

Inshore Blockade

8. If the blockade were extended to coastal waters, we believe the Communists would almost certainly use their limited naval capabilities, and their air capabilities, in hit and run raids against the blockading forces in widespread efforts to reduce the effectiveness of the blockade. The extension of the blockade would be interpreted as an added indication of US determination and would increase Peiping's apprehension over the possibility of war. In this case they might be more disposed to seek a face-saving solution than in the case of the offshore blockade, but we believe that even here they would be unlikely to effect an early release of the US prisoners.

Offshore and/or Inshore Blockade

9. Without regard as to whether the blockade were offshore and/or inshore, the USSR would counsel Peiping to caution and exert its influence to localize any incidents growing out of US-Chinese Communist encounters. || However, it would afford Communist China whatever support seemed necessary to execute the courses of action on which Peiping had embarked, and would resort to political and psychological means to exploit the issue, including raising it in the UN as a threat to the peace. In addition, the USSR might react to a naval blockade by attempting to bring merchant ships into Port Arthur and Dairen (where it retains its position until June 1955), by attempting to breach the blockade at other points, or by increasing Communist China's capability to wage mine and submarine warfare against the blockading forces. Although the USSR would be unlikely to initiate general war solely because of incidents arising out of attempts to force the blockade, it would not

|| The Assistant Chief of Staff, G–2, Department of the Army, believes that this sentence should be deleted since there is insufficient evidence to substantiate such a broad conclusion. [Footnote in the source text.]

be deterred from attempts at counteraction by the risk of general war.

III. Probable Non-Communist Reactions

10. The ROK, Nationalist China, probably the SEATO nations of Southeast Asia, and elements in other countries would approve such action and would regard it as indicative of US willingness to take firm action against the Communists. Opinion in most other non-Communist countries of the world would vary from indifference to strong criticism. In those nations which have been hoping for a general relaxation of tensions or for extensive trade programs with Communist China, it would be asserted that the US had seized upon the Chinese Communist action as a pretext to bring about full-scale war with Peiping, if not preventive war against the USSR. Normally middle-of-the-road opinion would probably be appreciably affected by the continuing extensive propaganda of the Communists on the subjects of "peaceful co-existence," the desire of the US to eliminate the Peiping regime, and the horrors of nuclear warfare. India would almost certainly condemn the US action and would, in the United Nations and elsewhere, attempt to bring about a solution in favor of Communist China. Accordingly, and based to a large extent on fear of general war, certain non-Communist nations would critically reappraise their confidence in US leadership. There would almost certainly be a sharp rise in neutralist sentiment in many states now in alliance with the US. NATO states, France, in particular, would fear that this US engagement in the Far East would prejudice its support of NATO. However, as time went on, and if no large-scale warfare in Asia ensued, we believe that the free-world nations would in varying degrees adapt themselves psychologically to the US action while continuing to attempt mediation of the issue in a calmer diplomatic climate.

11. The reactions of the UK and Japan would probably be of the greatest importance to the US interests. Initially the UK and Japan would probably bring considerable pressure on the US to abandon the blockade. Although remaining extremely critical of the US, the UK would continue to castigate the Chinese Communist action in regard to the prisoners as barbarism in international conduct. We do not believe that the British would consider that they had any alternative but to acquiesce to the US blockade, but they would attempt by all feasible means to convince the US that it was destroying free-world unity and bringing on a general war that was unacceptable to the allies of the US. However, if the US blockade excepted Hong Kong, the British would not feel that their prestige or trade was appreciably harmed. The UK would fear that

if Hong Kong were associated with the blockade the Chinese Communists would take action to make the British position in Hong Kong untenable. A US blockade which included controls on Hong Kong trade would thus place a severe strain on US–UK relations. Japanese public opinion, at this time strongly influenced by hope of trade with mainland China, and highly fearful of any steps which in the Japanese view involve risk of general war, would probably be comparable to that of the neutralist countries. The Japanese Government probably would seek to avoid direct use of its ports and facilities by US blockading forces.

12. The ROK and the Chinese Nationalists would strongly approve the US action and would see in it an opportunity to involve the US in war with Communist China. The US would have increasing difficulty in restraining both the ROK and the Chinese Nationalists from undertaking actions which they felt might lead to the involvement of the US in open war with Communist China.

No. 412

Eisenhower Library, Hagerty papers

Extract From the Diary of James C. Hagerty, Press Secretary to the President

[WASHINGTON,] November 29, 1954.

Monday, November 29, 1954

In Augusta. [1]

Out to the office at the Augusta National at 8:15. Talked to the President about Dulles' speech in the evening in Chicago [2] and recommended to him that I thought it would be a good idea if Dulles would take a firm stand against blockade of Chinese Coast. The President thoroughly agreed and repeated his conviction that a blockade is an act of war which could at best lead only to serious consequences. "I am completely beginning to lose my patience with Bill Knowland. He has made the most irresponsible statements of late which are hurting us very much with our allies. [3] Can't he see

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[1] Hagerty was with the President in Augusta, Georgia; they returned to Washington that afternoon.

[2] The text of Dulles' speech, made before the National 4-H Club Congress in Chicago on Nov. 29, is printed in Department of State *Bulletin*, Dec. 13, 1954, pp. 890–894.

[3] At a news conference on Nov. 27, Knowland had proposed a naval blockade of the China coast unless the flyers were released; reported in the *New York Times*, Nov. 28, 1954.

that this move by the Chinese is part of the general Communist plot to try to divide us from our western allies and try to defeat ratification of the Paris agreements?"

The President thought I should call Dulles and I finally reached the Secretary at Chaumount, New York. He told me he had been thinking about the same thing and that he wanted me to get approval from the President to say that the Russian Communists were deliberately talking peaceful co-existence for the benefit of the western allies and that the Chinese Communists were deliberately trying to act provocative and cause incidents to cause trouble between the United Nations and the western allies. I told him that the President wanted him specifically to mention the blockade as being an act of war, and he said he would be delighted to do so. He asked me to check back with the President and I did so—reaching him on the sixth green. The President thoroughly approved what Foster was going to say, and I so reported to the Secretary.

Earlier in the morning I also had a discussion with the President on what I believe was a need for him to speak out strongly against Knowland and those within the Republican Party who were engaging in this saber-rattling talk. The President did not say he would not but thought it would be better to have Dulles take the lead in his speech tonight and then have Dulles have a press conference to handle the details prior to the President's press conference. Consequently I cancelled out a conference scheduled for tomorrow and the Secretary arranged to have his conference on Wednesday. [4]

Airborne from Augusta at 4:50—Into MATS Terminal in the new plane in an hour and forty minutes.

[4] Dec. 1.

No. 413

S/S–NSC files, lot 63 D 351, NSC 5429 Series

Memorandum by the Deputy Assistant Secretary of State for Economic Affairs (Kalijarvi) to the Secretary of State

TOP SECRET [WASHINGTON,] November 29, 1954.

Subject: Current U.S. Policy in the Far East (NSC 5429/3) [1]

Background:

The subject paper has been overtaken by recent events which raise major international political problems and make it clear that

[1] Document 397.

no revision in or review of controls applicable to trade with Communist China can be undertaken at present. The problem raised by the higher level of controls applicable to Communist China as compared with the European Soviet bloc remains a troublesome one which should, however, be dealt with as soon as the general political situation permits. In this connection, you will wish to know that at the recent Economic Defense Officers' conference held in Paris the week of November 15, the missions represented unanimously reported that our insistence on holding to a multilateral level of control for Communist China which is higher than that for Eastern Europe is driving us into a negotiating position of increasing isolation and undermining our ability to exert leadership in other matters. The mission representatives particularly urged that the United States be careful to avoid a procedure, whenever the China policy has been reviewed and a course set, of negotiating solely with the British and French and coming then to the other participating countries with a predetermined tripartite position.

The following general conclusions of the Economic Defense Officers' conference on the subject of China trade controls may be of interest:

"1. A review of the US policy regarding trade with China should be undertaken urgently, but it is desirable that this be undertaken in the light of a reappraisal of our overall China policy.

"2. The higher level and broader scope of the China trade controls in the past have not been shown to have been of more than marginal utility in impeding the industrial and military build up of China.

"3. The pressure from our allies for the adjustment of the level of trade controls with China stems more from political than economic reasons, except in the case of Japan where acute economic problems are involved.

"4. A completely isolated position from its allies by the United States on the question of China trade controls will detract from the effectiveness of its leadership in other matters.

"5. A dual level of trade controls for China and for the European Soviet bloc countries can be simplified for smoother operation, but practical measures for preventing frustration of the tighter China controls have not yet been devised."

Recommendations:

It is recommended that there be no relaxation in trade controls applicable to Communist China at this time in the light of recent events and in the interest of maintaining maximum pressures on that area, and therefore that the National Security Council should not consider the revision of trade controls toward Communist China until the current situation becomes clarified.

No. 414

611.95A241/11-2954: Telegram

The Consul General at Geneva (Gowen) to the Department of State [1]

CONFIDENTIAL NIACT GENEVA, November 29, 1954—8 p.m.

408. My telegram 404. [2] Accompanied by Shillock and Jason as secretary I met with acting Chinese Communist Consul General Shen Ping, acting Consul Li Kwang, the secretary Hsu, and recorder and interpreter Yeh at 4:45 this afternoon at Hotel Beaurivage here. We were informed Chinese Consul General was out of town (this we had reason to believe was true). I immediately registered strongest possible protest pursuant Deptel 423. [3] I spoke in French this being agreed language. After I had said few sentences of protest Chinese party seemed taken aback and Li Kwang then started reading from Chinese notes. I drowned him out by continuing my protest in loudest tone. When I had completed Li Kwang then resumed reading his notes for 10 minutes. This statement was hurriedly translated by Hsu into French while other Chinese took notes. Gist Chinese reply was imprisoned Americans were spies who had violated Chinese laws and territory and had accordingly been arrested and sentenced to prison terms under Chinese law. Here I interrupted stressing flagrant violation by Chinese Communists of international law and terms Korean armistice agreement which Chinese command had accepted and signed Panmunjom July 27, 1953. I recited facts stated radio bulletin November 26 also stressing Chinese Communist violations of Geneva conventions 1929 and 1949, which Chinese Communists had repeatedly claimed they abide by. Chinese response to this was repetition of groundless statement they had previously made re arrest and imprisonment Americans concerned.

They added with emphasis efforts to obtain repatriation all Chinese students in USA had failed even though some students had appealed to President Eisenhower. I said this statement was not correct as some students had been authorized to leave US while names of others were being checked as we had previously explained at a former meeting here. I also pointed out Chinese stu-

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[1] Repeated for information niact to London.

[2] Telegram 404 from Geneva, Nov. 29, reported that a meeting with the Chinese had been scheduled for that afternoon. (611.95A241/11-2954) The Consulate General had requested a meeting on Nov. 24, but the Chinese had replied that that day was "inappropriate" for a meeting and that they would notify the Consulate General when they decided the time was appropriate; reported in telegram 394 from Geneva, Nov. 24. (611.95A241/11-2454)

[3] Document 406.

dents had not been unlawfully treated in any way. I then asked Chinese why they had not previously made any reference to these imprisoned Americans pursuant to terms Korean armistice. No answer was forthcoming. But here again notes were made of what I said.

I emphatically rejected all the Chinese had said against these Americans and vigorously repeated protest.

After consulting among themselves Chinese said they could not receive protest. I said they had noted it and written it down and that all proper efforts would be made by my Government to obtain the release of these 13 Americans who had been unlawfully detained and imprisoned. Meeting thus ended at 5:45 with the Chinese mumbling among themselves and apparently at loss to decide if they had anything else to say.

No press inquiries thus far today. Would appreciate receiving text by niact any statement Department may issue this meeting. [4]

GOWEN

[4] Telegram 446 to Geneva, Nov. 30, transmitted the text of a statement made by a Department press officer that day. (611.95A241/11-3054)

No. 415

611.95A241/11-3054: Telegram

The Ambassador in India (Allen) to the Department of State [1]

CONFIDENTIAL NEW DELHI, November 30, 1954—2 p.m.

727. Reference Embassy telegram 712 November 27. [2] RK Nehru gave me information today concerning American fliers sentenced in China. He said this information had been sent to Krishna Menon in case discussion arises in UN. Indian Embassy in Peking has telegraphed translation of Court decrees. [3] According to these decrees, first case involved two airmen named Downey and Fecteau and nine Chinese. They are said to have been traveling in C–47 and shot down over northeast China November 29, 1952. Documents, implements and other evidence on plane said to support evidence of espionage. Both reported to have confessed that they came to

[1] Repeated for information to London.

[2] Reference is apparently to telegram 715 from New Delhi, Nov. 27, which reported a conversation with Foreign Secretary R. K. Nehru, in which Allen suggested that the Indian Government might wish to interest itself in the case of the American airmen sentenced by the Chinese. (611.95A241/11-2754)

[3] The texts of the decrees are printed as a supplement to *People's China*, Dec. 16, 1954.

China to "pick up agent Pu Ching Wu and take him back to Japan." Downey allegedly admitted his employment by CIA and that he had trained Chinese agents on Saipon Islands, who were dropped into China in 1951 and 1952.

Second case involved eleven American airmen. Commanding Officer named Arnold and nine others said to have belonged to Air Supply and Communications Wing 581. In July 1951 this Wing allegedly transferred to Philippines "to operate against China and USSR." Eleventh prisoner, Baumer, was Operations Officer of 91 Strategic Reconnaissance Squadron. Baumer is said to have admitted two flights over China. Plane carrying Arnold, Baumer and nine other Americans shot down January 12, 1953, over Liaoning Province and fell near Antung. Wing 581 said not to have been engaged in Korean War, its task including evacuation and recovery of underground personnel. Plane alleged to have been different from usual combat type, with only two guns mounted in tail.

RK Nehru said GOI had no information re these cases other than Court decrees, which it passed on to us without, of course, any comment or observation re justification or accuracy.

ALLEN

No. 416

793.00/11-3054

Memorandum of Conversation, by the Deputy Director of the Office of United Nations Political and Security Affairs (Bond)

TOP SECRET EYES ONLY [WASHINGTON,] November 30, 1954.

Subject: China Item: Consultations with the United Kingdom and New Zealand Governments

Participants: Mr. Leslie K. Munro, Ambassador of New Zealand
Mr. George Laking, Minister, New Zealand Embassy
Sir Roger Makins, British Ambassador
The Secretary
Mr. Douglas MacArthur, II, Counselor
Mr. Walter Robertson, Assistant Secretary
Mr. Livingston Merchant, Assistant Secretary
Mr. David Key, Assistant Secretary
Mr. Walter McConaughy, FE
Mr. Niles W. Bond, UNP

Ambassador Munro and Ambassador Makins called this afternoon at their request to discuss further with the Secretary developments regarding the subject item. Ambassador Munro said that

Mr. Laking had discussed this matter with Mr. Murphy a short time previously, and that he, the Ambassador, would be interested in hearing the Secretary's present views as to whether and when we should proceed with the proposed New Zealand initiative in the Security Council. He said that it was still the view of his Government that this initiative should be carried through soon, but that he realized that the attitude of the UK and the U.S. had to be considered.

Turning to the question of the mutual security pact recently negotiated by the U.S. with the Chinese Nationalists, Ambassador Munro said that it was the view of his government that it would be helpful if the accompanying exchange of notes could be made public simultaneously with the treaty. He then expressed concern regarding certain language in the proposed joint press release on the treaty, in reply to which the Secretary and Mr. Robertson advised the Ambassador that the language in question had already been revised to meet the views of the New Zealand Government, and that this revision had been accepted also by the Chinese Government. Ambassador Munro expressed his appreciation for this change.

The Secretary stated that he planned to hold a press conference tomorrow (December 1) and that the joint statement on the treaty would be released at that time. [1] He said that a good deal of information about the treaty had already leaked and that it was therefore impossible further to defer official announcement of it. In response to a question from Ambassador Munro, the Secretary confirmed that the release tomorrow would consist merely of a statement concerning the treaty and would not include the text of the treaty itself. He said that the treaty, which had already been initialed, was expected to be signed fairly quickly, although no final decision as to timing had yet been made. He pointed out that it would be inappropriate to delay the signing too long after public announcement of the treaty had been made. With respect to the accompanying notes, the Secretary said that these would be exchanged at the time the treaty was signed.

Turning to the proposed New Zealand initiative in the Security Council, the Secretary said he believed that it was still a desirable operation but that perhaps it should be deferred until after the treaty and its implications had been made known and were more clearly understood. He went on to say that he did not regard it as practicable to publish the exchange of notes simultaneously with

[1] The text of the joint U.S.-Chinese statement and the text of statements with regard to the treaty made by Dulles at his press conference on Dec. 1 are printed in Department of State *Bulletin*, Dec. 13, 1954, pp. 895–898.

the treaty, but that he expected they would probably be made public a few days thereafter. He said it would be hard to keep them secret any longer than that and predicted that the whole story would probably be known within a week after the initial announcement of the treaty. He said that this would clear the way for introduction of the New Zealand resolution in the Security Council if the New Zealand Government still desired to proceed, but that he believed such action should not be taken until after the exchange of notes, as well as the treaty, had been made public.

Ambassador Munro then asked what steps, if any, the U.S. Government had in mind in the UN with regard to the thirteen American citizens sentenced by the Chinese Communists, and whether this problem did not have a bearing on the present exercise. The Secretary replied that in his opinion it did have a bearing, but that he had not as yet made up his mind as to how this matter could best be handled in the UN. He added that he wished to discuss this problem with Ambassador Lodge and Mr. Phleger in New York on Friday. The Secretary then recalled that in his speech on Monday evening he had said that the U.S. felt obliged to exhaust peaceful procedures, and said that this was in keeping with our responsibilities under the Charter. He said that the U.S. Government did have in mind presenting this case to the UN since it was a UN as well as a U.S. problem, in which connection he pointed out that the persons involved were serving under the UN Command at the time of their capture. He stated that the UN Charter, in enjoining unilateral action on the part of member states in certain circumstances, presupposed that effective collective action would be taken by the UN, and that whether the members would in the future be bound by this injunction would depend on the extent to which the UN provided an acceptable substitute. He said that the case of the fliers did pose a serious problem for the UN, whose future effectiveness might well depend on its response thereto. The Secretary then pointed out that in his speech on Monday evening he had not said that the U.S. would never take action on its own in this case, our responsibility in such cases being merely to give the UN a chance to act first.

Ambassador Munro then raised the question of timing if this problem were to be taken up in the General Assembly, pointing out that the U.S. and the UK in particular were pressing for a termination of the 9th session by December 10th. The Secretary admitted that there was a problem of timing involved here. He said that if we did not act ourselves, however, the Soviets might well raise the matter under their pending aggression item, using as evidence the alleged "confessions" of the prisoners. He reiterated that we had not as yet decided whether to take this up in the General As-

sembly or to resort to the Security Council despite the probable Soviet veto.

With regard to the bearing of this case on the proposed New Zealand initiative, the Secretary said that, while there was no technical relationship, it was related to it in the sense that it was a factor contributing to the climate in which we had to move. He said that the present climate was not so conducive to the success of the exercise as it had been when we had first entered into conversations on this subject, but that, on the other hand, it might get even worse if something were not done. He stated it was therefore his own view that we should go ahead with the proposed action rather than postponing it on the assumption that the climate might improve. He added that there seemed to him to be little prospect for improvement unless the world were alerted to the dangers inherent in the China situation.

Ambassador Munro then stated that he was somewhat apprehensive that Chiang Kai-shek, in an effort to overcome the domestic effect of the exchange of notes, might make public statements which would be inconsistent with the defensive character of the treaty and generally be very unhelpful in the present situation. The Secretary replied that Chiang was aware that he had virtually no chance of returning to the mainland except in the event of the internal collapse of the Communist regime, and that he was under no illusion as to the purely defensive nature of the treaty. He added that internal upheaval was a difficult thing to predict in Communist countries as we could never see beneath the surface, but said that we did not exclude the possibility of such a development in China at some time in the future. Ambassador Munro expressed fear that Chiang might nevertheless indulge in bellicose talk for domestic political and psychological reasons. Mr. Robertson expressed doubt that Chiang would make such statements, but admitted the possibility that he might be disposed to interpret the treaty in a way that suited his domestic political purposes. In response to a query from the Secretary, Ambassador Munro said that he deduced from all this that the sooner the exchange of notes were to be published the better it would be, and that if Chiang were to make bellicose statements, it would very definitely play into the hands of the Communists in the UN.

The Secretary then inquired of Ambassador Makins as to the attitude of the UK on these problems. Ambassador Makins responded by reading a communication from Sir Anthony Eden reporting the views of the British Cabinet. (Copy attached as Tab A.) [2]

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[2] The attached document, unsigned and undated, stated the Cabinet's conclusion that, in the light of the U.S. treaty with Chiang Kai-shek and the Chinese sentenc-

Continued

The Secretary then said that it was his opinion that it would be unwise to try to decide today whether and when to proceed with the proposed exercise. He ventured the opinion that we might know more about the prospects 48 hours from now, and that by the first of next week we might be in a position to reach a decision. He added that we saw no evidence of an immediate crisis in the area of the offshore islands. The Secretary went on to say that he believed that the proposed exercise would eventually prove useful even if little positive progress should result. He said that he saw some force in the UK view that we should proceed with the exercise in circumstances which would make it appear to be a step toward pacification, rather than as a bellicose act directed against Communist China. He said that if it were to be announced simultaneously with the treaty, it might well be regarded as part of a double-barreled offensive against the Communists. The Secretary said that it might take a few days for the treaty to be fully understood by the American people, who, because of the timing, might erroneously interpret it as a form of reprisal against the Chinese Communist action in sentencing our fliers. In these circumstances, he said, it might be difficult to obtain public acceptance of the benign interpretation which we sought to give to the treaty. He expressed the view that it would be dangerous to underestimate the strength of public feeling in the U.S. on the recent Chinese Communist action, and that this feeling must be taken into account. The Secretary went on to say that he and the President were trying to exert a moderating influence, but that they would not do so to the extent of abdicating our rights. He said that if, given the present state of public indignation, there should be a major attack by the Communists on the offshore islands at this time, he would not dare to prophesy the outcome, and that we might even be drawn into the hostilities.

Ambassador Makins said that he was inclined to agree with the Secretary's thoughts, and that he believed the same considerations had been in the minds of the Cabinet. He said that the latter now appeared to favor a delay in the proposed Security Council action in the hope of separating it from the treaty. He acknowledged, however, that the Cabinet seemed to be thinking in terms of a longer delay than the week or two which the Secretary appeared to have in mind. He said he wished to emphasize, however, Sir Anthony's statement that his message represented the *present* view of the

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ing of the American prisoners, the chance that Oracle (the New Zealand resolution) might lead to a relaxation of tension had been still further reduced and it might instead do more harm than good. The Cabinet thought the decision with regard to Oracle should be deferred until some time had elapsed after the announcement of the treaty.

Cabinet, which wished to have the matter considered further with the Secretary, presumably here in Washington.

The Secretary suggested that a further meeting be held next Monday to reexamine the situation in the light of developments. He then asked the Ambassadors to convey to their Governments the view of the U.S. that the UN had a clear responsibility in the situation created by the Chinese Communist imprisonment of the U.S. fliers, and that if it did not live up to its responsibility in such cases it might be hard for individual members to avoid direct unilateral action. He said that this was a problem for all of the members and one which involved the very future of the UN.

The meeting adjourned after a brief discussion of other matters.

No. 417

Eisenhower Library, Dulles papers, "Meetings with the President"

Memorandum of Conversation, by the Secretary of State

SECRET [WASHINGTON,] December 1, 1954.

MEMORANDUM OF LUNCHEON CONVERSATION WITH THE PRESIDENT [1]

We discussed the position vis-à-vis Communist China, particularly with reference to the imprisonment of the United States flyers. The President reaffirmed his support of the position which I had taken in my speech the night before, [2] after communicating with him through Hagerty at Augusta.

The President felt that we should push this matter vigorously in the United Nations and asked me to talk to Ambassador Lodge. I said this accorded very much with my own thinking.

[Here follows discussion of unrelated matters.]

JFD [3]

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[1] Dulles had lunch with the President on Nov. 30; this apparently refers to that conversation.

[2] Nov. 29.

[3] Initialed for Dulles by O'Connor.

No. 418

320/12-154

Memorandum of Telephone Conversation, by the Secretary of State

SECRET [WASHINGTON,] December 1, 1954.

MEMORANDUM OF TELEPHONE CONVERSATION WITH AMBASSADOR LODGE NOVEMBER 30, 8 p.m.

I told Ambassador Lodge that I felt we had to do something in the United Nations with reference to the detention of our flyers. Ambassador Lodge expressed some dismay at this, indicating his desire to get the General Assembly quickly adjourned. He said this would be an interminable proceeding in the Assembly. I said we might move in the Security Council. He thought this would be all right, particularly if we did so after the Assembly had first adjourned.

I said that in view of the position that the Government was taking, namely that we were inhibited from direct action until collective possibilities had been exhausted, I felt that we had to put it up to the United Nations in some form as to whether or not they wanted to move or whether they wanted to treat any collective remedial measures as futile, in which case we might have to assume independence of action. I said I felt that this would be so serious from the standpoint of the future of the United Nations that members would consider seriously trying to take some United Nations action, especially since the particular incident related to the United Nations' activities.

JFD [1]

[1] Initialed for Dulles by O'Connor.

No. 419

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 226th Meeting of the National Security Council, Washington, December 1, 1954 [1]

[Extracts]

TOP SECRET EYES ONLY

Present at this Council meeting were the President of the United States, presiding; the Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; and the Director, Office of Defense Mobilization. Also present were Assistant Secretary Rose for the Secretary of the Treasury; the Secretary of Commerce (for Items 1 and 2); the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission (for Item 5). The following were present for Item 4 only: Assistant Secretary of Defense Lanphier; Assistant Secretary of Defense Pike; Gen. Lodoen, Department of Defense; Col. Parsons, Department of Defense; Mr. Goodin, Department of the Army; Mr. Thomsen, Department of the Navy; Gen. Garrity, Department of the Air Force. Also present were the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; Robert Cutler, Special Assistant to the President; Mr. Bowie, Department of State; the White House Staff Secretary; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the main points taken.

. . . . . .

2. U.S. Policy Toward the Far East (NSC 5429/3; [2] NSC 5429/2; [3] Memo for NSC from Executive Secretary, same subject, dated November 29, 1954; [4] NSC Action No. 1259 [5])

Mr. Cutler briefed the Council on the background of the reference report (NSC 5429/3), and said that the principal issue remaining to be decided was how the United States should use trade as a weapon to divide China from the Soviet Union. He noted that the Secretary of Commerce had been invited to participate in the Council discussion.

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[1] Drafted by Gleason on Dec. 2.

[2] Document 397.

[3] Dated Aug. 20, 1954; for text, see vol. XII, Part 1, p. 769.

[4] Lay's Nov. 29 memorandum enclosed a memorandum of Nov. 26 from the Joint Chiefs of Staff to the Secretary of Defense, commenting on NSC 5429/3; for text of the Nov. 26 memorandum, see *ibid.*, p. 992.

[5] See footnote 9, Document 375.

The President inquired about the bracketed sentence in paragraph 2, which read as follows: "While there is now no reason to anticipate an early collapse of the regime nor any means of seeing when one might occur, inherently such regimes have elements of rigidity and instability which might produce crises or break down unexpectedly." With what thought in this sentence, asked the President, did CIA not concur? Mr. Allen Dulles replied that CIA took exception to the last phrase, because it seemed to them inconsistent with the rest of the sentence.

The President inquired of Mr. Dulles whether anyone in the intelligence business had foreseen Tito's break with the USSR. These favorable developments, from our point of view, in the Soviet bloc sometimes developed very unexpectedly out of thin air.

Secretary Dulles asked Mr. Allen Dulles whether he had anticipated the Beria [6] affair. Pointing to the sudden accord in 1939 between Stalin and Hitler, he agreed with the President's judgment as to the unexpected quality of such developments in the Soviet Union. Mr. Allen Dulles said that he was quite prepared to admit that there was a chance of disassociating Communist China from the Soviet Union, but that there was no reason to expect any sudden collapse of the Communist regime in China.

The President said that while he was willing to revise the disputed sentence, he was unwilling to agree with CIA that it should be deleted, since he really believed that these totalitarian regimes were excessively rigid and have inherent weaknesses on which we should attempt to capitalize.

After suggesting language to revise the sentence in question, Mr. Cutler went on, and pointed out the next split view in the paper, which occurred in paragraph 4–c, reading: "reduction of [relative] [7] Chinese Communist power and prestige". Mr. Cutler explained that Defense, the JCS, and ODM proposed deletion of the word "relative", since they desired courses of action which would reduce Chinese power absolutely and not merely relatively. State and the other agencies opposed this view, and desired to reduce Chinese power relatively, particularly by building up the strength of India and the other free Asian states. The representatives of these agencies on the Planning Board could see no present prospect of any absolute reduction of Chinese Communist power, short of war, and therefore were inclined to regard anything more than a relative reduction as "pie in the sky".

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[6] Lavrentiy Pavlovich Beria, former Deputy Chairman of the USSR Council of Ministers and Minister of Internal Affairs, had been removed from office in mid-1953, charged with conspiring against the Soviet Government, tried, and executed in December 1953.

[7] Brackets in the source text.

Proponents of this paragraph in Defense did not contemplate anything like the complete destruction of Chinese power and prestige, observed Secretary Wilson, and the President added that even a change by the Chinese Communists to an attitude less violently antagonistic to the United States would help a lot.

Secretary Dulles believed that there were two thoughts hooked up together in paragraph 4–c which were not necessarily related to one another. You might possibly secure the reorientation of Communist China without securing at the same time a reduction of its power and prestige.

The Council agreed with Secretary Dulles' analysis, and turned its attention to paragraph 4–e, where the views of the Planning Board were again split. Paragraph 4–e read as follows: "Creation in non-Communist Asia, and ultimately within Communist China, of political and social forces which will zealously spread the greater values of the free world and simultaneously expose the falsity of the Communist ideological offensive." The President said he could not understand why anybody objected to this paragraph. Was it not one of the fundamental objectives of Mr. Streibert's organization (the USIA)? Of course, it didn't mean that we would resort to every possible means, such as war, to accomplish the objective.

Secretary Dulles commented that while this was a wonderful idea and he had no particular objection to it as such, it was certainly a very unrealistic objective, far removed from any degree of practicality. The President replied that he was obliged to disagree with Secretary Dulles. Zealots, in this paragraph, did not necessarily mean evangelists of the Billy Sunday type, who would be running up and down the countryside in Communist China publicly proclaiming democratic ideals. The actual task could be done quite differently and perhaps with some effect. Secretary Dulles countered that he remained unconvinced, and the President said in that case why do we spend so much money to enable the Voice of America to beam messages to the captive Communist states?

Mr. Cutler met Secretary Dulles' objections to the paragraph by suggesting the deletion of the term "non-Communist" before Asia, and the phrase ", and ultimately within Communist China,".

With respect to paragraph 5–c, the President suggested deletion, in view of Secretary Dulles' statement a moment ago that we were about to sign a mutual security treaty with the Chinese Nationalists. The President agreed to the inclusion of the paragraph when it was pointed out to him that signature of the treaty did not necessarily mean its ratification.

[Here follows discussion of paragraph 5–a, relating to Indonesia, and of paragraphs 5–f and 6–e.]

After further discussion of paragraphs 6-f and 6-g, the Council proceeded to consider the most significant split in the paper, which occurred in paragraph 7. This paragraph, which had been originally proposed by the Department of Commerce, called for a package deal which, in return for seating both Chinas in the UN Assembly and opening trade with Communist China on the same basis with the European bloc and recognizing the existence of two Chinas, the Communists would admit Japan to the UN, would withdraw their forces from North Korea and agree to free elections there, and abandon their subversive pressure in South Vietnam and elsewhere in free Asia. Mr. Cutler said that FOA had joined with the Commerce Department in at least desiring to get these big issues up for discussion by the National Security Council.

Governor Stassen said that the process by which these issues were brought up to the Council through the mechanism of the NSC Planning Board was a desirable and useful process, but that FOA did not desire to press such policy issues as those contained in this paragraph unless the State Department desired to press them. Mr. Cutler again stated that initially paragraph 7 had been a Commerce Department proposal. He pointed out its relationship to paragraph 8, in which the Commerce Department took a quite contrary view in urging a very tough U.S. policy with respect to continued embargo and restrictions on trade with Communist China. This apparent contradiction in the position of the Department of Commerce he explained as animated by a desire to force a decision one way or the other, since Commerce felt that our present trade policy toward Communist China lacked consistency and clarity. It was not designed clearly to woo Communist China away from Russia by inducements or by harsh measures. He then asked Secretary Weeks to elucidate the Commerce position.

Secretary Weeks stated initially that he desired to address himself solely to the "trade angle". This was full of difficulties. We clearly recognize that Soviet Russia and Communist China cannot have war machines unless they first have industrial machines. Neither of these countries could be described now as a first-rate industrial power, but we are in a fair way to assist Russia and China to become industrial nations. Secondly, we tend to look at Communist China and Soviet Russia as a single unit, not as separate countries. He understood, continued Secretary Weeks, that there were two viewpoints within the walls of this room. One wished to maximize China's dependence on Russia as a means of destroying their close relationship; others desired to minimize China's dependence on Russia to the same end.

Secretary Weeks then indicated his extreme dislike of the changes in the trade controls of the free world on Communist

China that had been brought about by the British initiative of last August. [8] He believed that many of these changes had been dangerous to the national security of the United States. What are we going to do, he asked, about China? The British contend that we should treat trade with China just as we treat trade with the European Soviet bloc. In short, we should put controls only on military and highly strategic items. Trade with the Soviet bloc, according to the British, was one of the best means of enhancing the prospects for peace, especially if more consumer goods were provided to the Soviet bloc populations. Accordingly, the British are now going to propose a new look at the controls on the free world's trade with Communist China. If, as a result, these controls are reduced, they will be reduced all along the line, including items the U.S. regards as highly strategic. The Department of Commerce believed that this would be very unfortunate.

Secretary Weeks then said he had two or three suggestions for meeting the situation. In the first place, the United States might decide to go along with the British in looking at trade with China and Russia in the same light, but try to get our allies to back us up in an effort to impose more severe restrictions on trade in items with either China or Russia which we deemed of great significance for our security. Secondly, and if the first suggestion didn't work, we might consider the possibility of trading "bloc to bloc" with the Communist nations.

The President leaned back and said, let's assume a condition in which all trade between the free world and the Soviet bloc is completely cut off. How much will the United States then do to help those free world countries which depend on trade, such as Japan? Will we dole out sheer subsidies to save their economies from collapse? Secretary Weeks replied that with respect to Japan he would permit the Japanese to trade with Communist China. But you would not permit the British to do so, replied the President.

Secretary Weeks denied that he was proposing to cut off all trade. Indeed, he favored trade. But he wished more attention paid to the control of significant strategic materials. Perhaps if everyone was going to trade with Communist China the United States ought to do so too. The President in turn denied that he had any desire to build up Chinese Communist war potential. He was merely insisting, he said, that both parts of the question be answered at the same time. If we propose to prevent trade between

[8] Weeks was presumably referring to the relaxation in July of multilateral controls on trade with the Eastern European Soviet bloc or to the British suggestions, made in September, that the United States and the United Kingdom should hold discussions looking toward a reduction of multilateral controls on trade with China; see Secto 24 from Manila, and Dulte 16 from London, Documents 287 and 312.

the free world countries and the Soviet bloc, what alternative do we provide these free world nations?

Governor Stassen commented that one obvious factor was our growing inability to force our views on the other free nations. Over and above this fact was the fate of governments if they made the attempt to go along with our present trade policy vis-à-vis the Soviet bloc. They were at once attacked by their own citizens, as was illustrated by the current difficulties of Premier Yoshida in Japan, not to mention Ceylon and Indonesia. Accordingly, Governor Stassen said he was convinced that we must find a more realistic approach to trade with the Communist bloc. We must recognize that these countries must earn their livings, and confine our restrictions on East-West trade to the really significant and strategic materials which contributed directly to the war potential of our enemies. Governor Stassen took issue with Secretary Weeks' appraisal of the effect of the relaxation in trade controls instigated by the British last summer. He cited the fact that controls on transshipment of strategic materials were working more effectively than ever before. We have also secured credit controls on a significant list of materials. He doubted, therefore, if the recent changes had really been to the net disadvantage of the free world vis-à-vis the Soviet bloc.

Mr. Cutler then invited the opinion of Secretary Dulles with respect to paragraphs 7 and 8.

Secretary Dulles stated that it would be, in his opinion, disastrous to set up a group to study the recognition of China, its seating in the UN, and the opening of trade with China on the same basis as current trading with the Soviet European bloc. To study such a package deal as called for by paragraph 7 would be to cause a whirlpool in the free world. Mr. Cutler interrupted to point out that an equally dangerous whirlpool would be caused in the United States if such a study were undertaken by the Government. Accordingly, Secretary Dulles called for the deletion of paragraph 7.

The President inquired whether a study had ever been made of the conditions under which the United States *could* possibly recognize Communist China at some future time. Secretary Dulles replied in the affirmative, but pointed out that the basic condition for such recognition was rather intangible. As long as Communist China is so bitterly hostile to the United States, we certainly do not want to enhance its prestige. There were no visible signs of any diminution of this hostility and, indeed, announcement of the forthcoming treaty between the United States and Formosa would serve to heighten Communist China's hatred. Accordingly, at the present time no such package deal for a settlement, as outlined in paragraph 7, was desirable.

Governor Stassen expressed agreement with the Secretary of State as to the undesirability of such a study at this time, but warned that it was important for the United States to study such problems as this early enough to have a timely solution when the appropriate moment arrived.

Mr. Cutler then called on the Council for a decision between the two versions of paragraph 8–c. He pointed out that the version in the left-hand column, proposed by State, Treasury, Budget and CIA, was the more moderate, and called for a continuation of approximately our present policy with respect to restrictions on the trade of free world nations with Communist China. The version on the right-hand side, supported by Defense, Commerce, ODM and the JCS, was harsher, and sought a virtual embargo on all this trade.

The President said that to his way of thinking the embargo course of action in the right-hand version simply slammed the door in Japan's face. Secretary Dulles also indicated that he could not go along with this harsher course of action, although he also objected to the proposal on the left-hand side, which called for early consultations, particularly with the UK and France, looking toward agreement on Chinese trade controls. This was not the moment, insisted Secretary Dulles, to start such conversations.

The President inquired of the Secretary of State whether he thought that the course of action to reimpose more effective controls by the U.S. and other countries over the Soviet bloc in Europe, to prevent transshipments to China, was feasible. Secretary Dulles replied in the negative, indicating again that the entire course of action on the right-hand side of the page was infeasible. He said he would like to have Governor Stassen's opinion as to whether there was any likelihood of our securing more effective controls to prevent the transshipment of materials sent to the Soviet Union from being transshipped thence to China. Secretary Dulles said that Thorneycroft (President of the British Board of Trade) had indicated to him that Britain might be willing to impose more effective transshipment controls if in return the United States would agree on a list of controls common to both the Soviet Union and Communist China.

Governor Stassen said he believed that this was the British point of view, and that we might even manage to add additional items to the lists for international control if the lists for the European Soviet bloc and Communist China were made identical.

Dr. Flemming inquired whether, if the Council adopted the left-hand version of paragraph 8–c, language could be added to it which would prevent exchange of materials which contributed to the buildup of Chinese Communist war potential. The President point-

ed out to Dr. Flemming that his suggestion was already agreed U.S. policy. It was, however, a matter of degree and of seeing to it that friendly nations were able to make their livings. With 52 million people cooped up in the United Kingdom and 85 million in Japan, trade was a vital necessity. We have made it all too plain that we will not trade to any great extent with these countries. Every time you bring up to Congress a proposal to lower tariff barriers, Congress responds by trying to raise the level. The President said he was afraid that nations like Japan might well go Communist if they were deprived of the possibility of trading. Such a turn of events would *really* build up the war potential of the Communist powers.

Mr. Cutler proposed language to meet the President's point, but the President said with impatience that he was not interested in mere agreement on words. What he wanted was an agreed NSC policy and a decision on his initial basic question of finding alternatives if we insisted on trying to eliminate free world trade with Communist China.

Secretary Weeks said there appeared to be three major questions which needed answering. If this trade with the Communist bloc was to be permitted or encouraged, do all the free nations except the United States engage in the trade? Second, do we trade with the Soviet bloc as individual nations, or do we trade bloc to bloc? Third, how do we make sure that the Communist bloc doesn't get war materials and that we ourselves receive a *quid pro quo*?

The President said that the time was approaching to settle three big questions with respect to U.S. trade policy. First, should U.S. trade policy with the Soviet bloc be the same policy as that of its major allies? Second, do we agree that we ought to treat Communist China and the European Soviet bloc in the same fashion, subject, of course, to special situations? Third, are we agreed that we should hold the line against exporting munitions of war, heavy fabricating machinery, and the like? Let us, continued the President, take these three questions and develop our simple plan; for we shall have to explain this thing and clear it all with the Congress, and we should have our arguments ready.

Secretary Weeks suggested that the NSC Planning Board be directed to present a paper answering these questions, but Mr. Cutler said that we could quickly get a new paragraph in the present paper to cover the President's point.

Taking issue with Mr. Cutler's timing, the President said jokingly that while he was dead sure of his competence to decide very difficult issues (with a smile), on this particular one he had just shot from the hip. He wanted his three questions, therefore, to be

studied, particularly by the Joint Chiefs of Staff, and not decided by the Council at this time.

Secretary Wilson said that he felt that he was closer to the President on this whole problem of U.S. trade policy. He was, however, personally opposed to Secretary Weeks' suggestion of conducting trade with the Communist powers on a bloc-to-bloc basis. The Director of the Budget said that he quite agreed with Secretary Wilson, adding that such a bloc-to-bloc approach was directly contrary to traditional U.S. trade practices and the idea of free enterprise. It would be tantamount to "government-to-government" trade. The President said it would be quite different if the present world were organized on a free enterprise basis, but as matters now stood we must recognize the facts and deal with them realistically.

Mr. Cutler turned to the final split paragraph of the report, 10–b, which read: "Make clear to the Communist regimes that resumption of normal relations between them and the United States is dependent on concrete evidence that they have abandoned efforts to expand their control by military force or subversion." The State Department, Mr. Cutler pointed out, proposed that this subparagraph be deleted; the other agencies favored its inclusion. The President said that he was opposed to the inclusion of the subparagraph, for the simple reason that it was not enough justification for the resumption of normal relations between the U.S. and the Communist powers of Asia.

The National Security Council: [9]

a. Discussed the subject on the basis of the reference report (NSC 5429/3) in the light of the views of the Joint Chiefs of Staff contained in the reference memorandum.

b. Agreed upon the following changes in the statement of policy contained in NSC 5429/3:

(1) *Paragraph 2:* Include the sentence in brackets, amending the last portion to read as follows: "inherently such regimes have elements of rigidity and instability which sometimes produce crises."

(2) *Paragraph 4–c:* Reword as follows:

"c. Reduction of Chinese Communist power and prestige, or securing by reorientation a government on the mainland of China whose objectives do not conflict with the vital interests of the United States."

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[9] The lettered subparagraphs constitute NSC Action No. 1275. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the National Security Council, 1954")

(3) *Paragraph 4–e:* Include, deleting from the first two lines the words "non-Communist" and ", and ultimately within Communist China,".

(4) *Paragraph 5–b:* Revise the last two lines to read as follows: "with U.S. security interests and subject to continued ROK cooperation."

(5) *Paragraph 6–e:* Delete the bracketed sentence and the footnote relating thereto.

(6) *Paragraph 6–f:* Delete the bracketed section and the footnote relating thereto.

(7) *Paragraph 6–g:* Delete the bracketed section and the footnote relating thereto.

(8) *Paragraph 7:* Delete, together with the footnote relating thereto, and renumber the remaining paragraphs accordingly.

(9) *Paragraph 8:* Delete the bracketed section at the beginning, and the footnote relating thereto.

(10) *Paragraph 8–d:* Delete the bracketed section and the footnote relating thereto, and insert, after the words "each other" in line 7, the words ", particularly by stimulating Sino-Soviet estrangement.".

(11) *Paragraph 10:* Delete subparagraph b and the footnote relating thereto.

(12) Revisions, in the light of the discussion, to be prepared by the NSC Planning Board for further Council consideration, of:

(a) An additional paragraph under paragraph 5, covering Indonesia.
(b) Paragraph 5–f.
(c) Paragraph 8–c.

. . . . . .

S. EVERETT GLEASON

No. 420

Eisenhower Library, Dulles papers, "Telephone Conversations"

Memorandum of Telephone Conversation, Prepared in the Department of State [1]

[WASHINGTON,] December 1, 1954—2:57 p.m.

Telephone Call to Allen Dulles

The Sec. said he will be asked at his press conference about the 2 civilians. Do we say they were part of the UN operation? AWD said the story is they were civilian members of the Dept. of Defense. We generally refer them to Defense as one way of handling it. The Sec. said the Pres. sent word yesterday to Wilson he should refer people

[1] Apparently prepared by Phyllis Bernau: the initials "pdb" appear on the source text.

to the Sec. AWD said that the above was the story given out at the time of their supposed death and we have stuck to it. It was done, said the Sec., before this Adm. came in in 1952. The Sec. referred to the Allen cable from New Delhi. [2] AWD said it would be best to find a way to avoid going into details—although it would be hard. It is difficult to change stories now.

[2] Presumably telegram 727, Document 415.

No. 421

794A.5 MSP/12-154: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

SECRET TAIPEI, December 1, 1954—3 p.m.

369. Pass Defense for Assistant Secretary McNeil. Taipei's 340, paragraph B-5-F. [1] With Acting Foreign Minister also present, Chiang yesterday discussed with me various questions raised in lengthy telegram sent from Washington by Foreign Minister Yeh after his November 24 talk with Assistant Secretary McNeil re military aid. [2]

President asked that his views be repeated to all concerned. First priority should be given to training additional manpower, to take precedence over all other categories of aid. I inquired whether he referred to bringing existing infantry divisions up to strength or to expansion of reserve training program. He replied this was relatively immaterial so long as total trained manpower pool expanded.

Minister Yeh's telegram went on to give various figures he had obtained in Washington including breakdown of "additional" $100 million proposed in Bridges' letter to Stassen [3] and various amounts FY 1954 funds reallocated to Free China from Indochina, et cetera. I found it difficult to answer President's queries since we had no firm figures for basic FY 1955 MDAP allocations. Do latter total $83 million or $150 million or some other figure? Question is: Bridges' $100 million, et cetera, are in addition to what? It would be most helpful if we could have early confirmation or correction of figures quoted in referenced paragraph of Taipei's 340.

RANKIN

[1] See footnote 2, Document 395.

[2] No record of this conversation has been found in Department of State files.

[3] See footnote 2, Document 297.

No. 422

Eisenhower Library, Dulles papers, "Telephone Conversations"

Memorandum of Telephone Conversation, Prepared in the Department of State [1]

[WASHINGTON,] December 1, 1954—4:48 p.m.

Telephone Call to the President

The Sec. said Formosa took up practically all of his press conference so it left the other thing pretty much untouched. The Pres. will probably get it tomorrow. [2] The Sec. said what he said over the phone [3] is wonderful to say. The Pres. asked what if they press as to the exact status of the prisoners. Both are worried about this. The Pres. suggested he say it seems probable the plane landed in such circumstances they can say they are not prisoners of war. The Sec. said that will put some people in the position of not telling the truth. Some were not in uniform nor in Korea. They agreed it was a funny business about the other plane as it evidently shouldn't have been so used. 13 were aboard to drop leaflets. Arnold had no business to be there. He was back here before doing that and told everything. They agreed it is a terrible situation. The Sec. said he thinks the Pres. is high enough up to shove some of it back to the Sec. Some is actually a matter of the War Dept. records. The essential thing said the Sec. is they agreed by the Armistice to return all prisoners of war. They have acted in a deceitful way. They supposedly gave all names at Geneva but didn't give the names of civilians. The Pres. can say it was brought out now to make it more difficult with our allies.

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[1] Apparently prepared by Phyllis Bernau; the initials "pdb" appear on the source text.

[2] The President was scheduled to hold a press conference on Dec. 2.

[3] According to a memorandum of a telephone call from Eisenhower to Dulles earlier in the afternoon, the President "asked about his taking the line that the easy road would be to be belligerent and get involved in a war—that would rally everyone behind him—it would also mean killings etc. And it would insure the death of those prisoners. We are taking the way of patience, persuasion, argument etc. We have to keep the cards close to us and play them as we see fit." Secretary Dulles replied that "it sounded 100% right" and said "he had expected to take much that same line." (Eisenhower Library, Dulles papers, "Telephone Conversations")

No. 423

794A.5 MSP/12-2054

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Wilson) [1]

TOP SECRET WASHINGTON, 1 December 1954.

Subject: Mutual Defense Treaty Between the United States and the Republic of China.

1. In accordance with the request contained in a memorandum by the Assistant Secretary of Defense (ISA) of 10 November 1954, subject as above, [2] the Joint Chiefs of Staff submit herewith their views regarding the proposed mutual defense treaty between the United States and the Republic of China and the proposed exchange of notes supplementary to the treaty which have been prepared by the Department of State.

2. The last sentence in Article VI of the proposed treaty, to the effect that the defense provisions of the treaty might be applicable to territories other than Taiwan and the Pescadores, should serve to create doubt among the Chinese Communists as to whether the Offshore Islands will be included in the defense arrangement. On the other hand, the inclusion of the phrase "as may be required for their defense" in the last sentence of Article VII would tend to dissipate any such doubt and might thereby invite attack upon these islands. For the foregoing reasons the Joint Chiefs of Staff recommend that Article VII be changed to read as follows (changes indicated in the usual manner): [3]

"ARTICLE VII

"The Government of the Republic of China grants, and the Government of the United States of America accepts, the right to dis-

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[1] A covering letter of Dec. 20 from Wilson to Dulles stated that, although the treaty with the Republic of China had already been formalized, he was forwarding the JCS views so that the Department of State could have them for future reference. A letter of Jan. 5, 1955, from Dulles to Wilson acknowledged Wilson's letter transmitting the JCS views and stated:

"I assure you of my regret that the signature of the Treaty took place before these views were received. When the Treaty was signed on December 2 it was our understanding that clearance had already been given informally by Defense.

"From the practical standpoint, I believe that no real harm has resulted since the only change suggested by the Joint Chiefs is a relatively minor one. It is our view that the phrase "for their defense" in Article VII, which was questioned by the Joint Chiefs, can be construed liberally so as to give us as much latitude as required, should it become desirable to dispose United States forces in and about Taiwan and the Pescadores." (794A.5 MSP/1-555)

[2] Not printed.

[3] Recommended omissions crossed out; recommended additions in italics.

pose such United States ~~land, air and sea~~ forces in and about Taiwan and the Pescadores as may be required ~~for their defense~~ *for the purpose of this treaty* as determined by mutual agreement."

3. Subject to the foregoing comments, the Joint Chiefs of Staff consider that the proposed treaty and supplementary note thereto are acceptable from the military point of view.

4. In regard to paragraph 3 of the memorandum by the Assistant Secretary of Defense (ISA) referenced in paragraph 1 above, it is noted that an article on the subject of a mutual defense treaty between the United States and Nationalist China appeared on page 1 of the Sunday, November 28, 1954, edition of *The Washington Post and Times Herald.*

For the Joint Chiefs of Staff:
ARTHUR RADFORD
Chairman
Joint Chiefs of Staff

No. 424

Eisenhower Library, Hagerty papers

Extracts From the Diary of James C. Hagerty, Press Secretary to the President

[Extract]

[WASHINGTON,] December 2, 1954.

Thursday, December 2, 1954

. . . . . .

In my pre-conference talk with Dulles, we went over the following matters:

1. *The Statement which the President was going to make on the China Situation* [1] which was heartily approved by Dulles. He asked me to just stress one additional point to the President which was this: He said that at his press conference yesterday he had left open the possibility of a blockade so that it would allow the United States a bargaining lever with our Western allies. [2] Leaving such a possibility open would allow the Secretary of State to go to our allies and say in effect: "Look, we want to do this by peaceful means and we need your support, but we want to warn you that if

[1] For text of the statement made by the President at his press conference that day, see Department of State *Bulletin*, Dec. 13, 1954, pp. 887–889.

[2] For text of statements concerning the possibility of a blockade, made by Dulles in response to questions at his Dec. 1 press conference, see *ibid.*, p. 888.

you do not support us, then we will be forced to go it alone and resort to a blockade or other acts. The choice is in your hands. Cooperate with us through peaceful means or force us to take actions which you will not like and which we will not like. But let me remind you we are dealing with the lives of American airmen captured in uniform during the Korean war and the United States is firm in its intention of getting those men back."

. . . . . .

3. *Formosa Mutual Defense Treaty*—Dulles said that the President could announce that Dulles and the Foreign Minister of the Republic of China, George Yeh, would sign the Mutual Defense Treaty in the Secretary's office at 4:00 p.m. [3] As far as the offshore islands were concerned, Dulles said their position was the same as always. The Treaty actually applies only to Formosa and the Pescadores, both of which were detached from China by Japan in 1893 and belonged to Japan during World War II.

As far as the other offshore islands were concerned, the Secretary said that they were not expressly covered by the Treaty and recommended that the President merely say that their status was not changed and that if defense of those islands becomes involved in the defense of Formosa, we probably would help defend them. "Let's keep the Reds guessing on them, however, and not make any clearcut statement about them."

. . . . . .

Allen Dulles called after the conference to find out what the President had said on the prisoners and when I told him, that the President had made a very great distinction between the 11 uniformed men and the two civilians, [4] Dulles thought that was correct. Actually, if the United States is to make a strong case on this subject to the world, we have to divide the uniformed men from the two civilians, who were members of the CIA. Dulles has stopped the practice which existed prior to the time we came in of sending American CIA members on such missions and it cannot happen again, but nevertheless the Chinese have a case against those two. That is why the President deliberately separated the 11 airmen in his press conference.

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[3] For text of statements made by Dulles and Yeh at the time of the signing of the treaty, see Department of State *Bulletin*, Dec. 13, 1954, p. 898. For the text of the treaty and the texts of the notes exchanged on December 10 by Secretary Dulles and Foreign Minister Yeh, see 6 UST 433; TIAS 3178.

[4] Telegram 319 to Taipei, Dec. 3, reported that, when asked about the status of the two civilians, the President had replied, "It is cloudy I think and I couldn't discuss it in detail." (611.95A241/12–354)

No. 425

611.95A241/12-254: Telegram

The United States Representative at the United Nations (Lodge) to the Department of State

CONFIDENTIAL
PRIORITY

NEW YORK, December 2, 1954—9 p.m.

291. Re US fliers held by Red China. Immediately upon my return from Washington this morning I called Nutting [1] (UK), Hoppenot [2] (France) and Urrutia [3] (Colombia) to inform them of our intention to move into the UN on this matter. Immediate reactions from all were favorable, Hoppenot saying that we could count on France for full support, and Urrutia saying this was case on which he would not have seek instructions but could assure us Columbia would support US in whatever we wanted.

Nutting, Dixon and Ramsbotham [4] asked to come see me at once to discuss subject. UK expounded various alternative possibilities based on major premise that US desire was to secure release of fliers. As their ideas were developed it appeared that they feel only possibility for obtaining release of fliers lies in approaches to ChiCom authorities by some state maintaining diplomatic relations with them. For this reason they opposed SC action at least as initial step because Soviets will be bound to veto call upon ChiComs to release fliers and Communist attitude would thereby be frozen. On other hand, UK agreed to the importance of developing world opinion to back up whatever action is to be taken to obtain release of fliers. UK therefore prefers going to GA with resolution which would point out ChiCom action as violation Korean armistice and request good offices of some intermediary to seek release of fliers.

Meeting of 16 Powers [5] (Ethiopia absent) was held this afternoon at my request at approximately same time President Eisenhower held press conference. I informed group of views of President and Secretary and indicated general lines former would take at press conference. I then made following points:

(1) This was case of fliers operating under authority unified command on mission in connection with UN collective action. Release these fliers was properly a concern of UN as well as US. UN would

[1] Anthony Nutting, British Minister of State.
[2] Henri Hoppenot, French Permanent Representative at the United Nations.
[3] Francisco Urrutia, Colombian Permanent Representative at the United Nations.
[4] Peter E. Ramsbotham, First Secretary of the British Mission at the United Nations.
[5] The 16 powers that had contributed to the UN military effort in Korea.

never again take collective action if it failed to stand by those who had come to its aid in Korea.

(2) Red Chinese action sentencing and imprisoning 11 fliers was breach of Korean armistice and case in UN should be confined to this point. (Two civilians also sentenced were not to be object of this particular case.)

(3) Although US did not have any accurate data on soldiers from other members of 16 who might be held by ChiComs, we felt action by UN should seek their release if their detention could be demonstrated.

Representatives from all other countries expressed their extreme concern and shared our conviction that this was UN problem and that action looking to release of fliers should be taken. Hoppenot went so far as to state this was a matter of even greater concern for UN than for US.

Hoppenot, Munro (New Zealand) and Spender (Australia) all made point that our first step in the UN should be based on what all of them might be called upon to do in event decisions by SC and/or GA calling for release of fliers went unheeded.

These three, plus UK, strongly supported thesis made at noon by UK that some sort of good offices would be more likely to produce results than more straight-forward action we envisaged. Kyrou [6] (Greece) suggested GA President might be asked take steps, including representations in Peking, as a first stage in seeking release of fliers.

Serrano [7] (Philippines) expressed view echoed by others that UN should not call for action which ChiComs could frustrate and thereby demonstrate their successful defiance of UN. Sarper [8] (Turkey) and Du Plessis [9] (South Africa) both referred to possibility of detention their soldiers by ChiComs and hoped whatever action UN called for would include these among them.

Johnson [10] (Canada) was first to raise question of whether the ChiComs would have to be invited to present their side of the case. Urrutia referred to Art 32 of Charter which requires participation without vote of any "party to a dispute under consideration by the SC". It was later pointed out to him that this case was not a dispute between two nations under the meaning of Art 32 but a ques-

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[6] Alexis Kyrou, Greek Representative at the Ninth Session of the General Assembly.

[7] Felixberto M. Serrano, Philippine Representative at the Ninth Session of the General Assembly.

[8] Selim Sarper, Turkish Representative at the Ninth Session of the General Assembly.

[9] W.C. du Plessis, South African Representative at the Ninth Session of the General Assembly.

[10] David M. Johnson, Canadian Representative at the Ninth Session of the General Assembly.

tion of a breach of an agreement between the UC acting for the UN on the one hand, and the other side. UN action therefore was tantamount to one party to a contract calling upon the other party to live up to its agreement.

Other members of the 16 agreed to contact their govts immediately and seek instructions. South Africa, in particular, expressed desirability of US Missions abroad advising the various govts as to US thinking in this regard. I said principal point of contact would have to be NY but I agreed to present South Africa's suggestion to attention of Dept.

Dept may wish to consider advisability informing US Embassies in capitals of 16 on general lines we are following here.

If possible, we hope have further meeting of 16 tomorrow at which time various issues raised today can be further thrashed out and possibly an agreed course of action reached. It may therefore be desirable to put before 16 as working paper text of draft resolution already conveyed to Dept by phone.

I have also informed Lebanon, Chinese, Brazilian and Danish Dels (other friendly members SC) of our intentions.

LODGE

No. 426

611.95A341/12-354

Memorandum of Conversation, by the Secretary of State

SECRET NEW YORK, December 3, 1954.

MEMORANDUM OF CONVERSATION WITH KRISHNA MENON [1]

Mr. Menon came to see me at his request, which I had received through Arthur Dean. He said that he wondered whether he could be useful in connection with the prisoner-of-war matter. He pointed out that while the Repatriation Commission [2] had been dissolved, India had been chairman of that Commission. He also said he was leaving on Thursday to see Nehru and would talk to him about the matter. He expressed the opinion that the repatriation could only be worked out as part of a comprehensive settlement with the Chinese Communists. I said in my opinion this was totally impossible; the United States was not going to deal in any way with Commu-

[1] The conversation took place at the Waldorf Hotel in New York, where Secretary Dulles was staying.

[2] The Neutral Nations Repatriation Commission, set up at the time of the Korean armistice.

nist China so long as they were acting in an uncivilized way. I felt that the conviction and imprisonment of these prisoners of war was a blot which, unless they removed it quickly, would set back the clock very seriously and endanger the whole position in Asia. I explained the position of the President and myself as being that we hoped that the United Nations represented an effort to put justice onto a collective basis and to make it unnecessary for individual nations to take the law in their own hands and use their own means to secure redress and inflict punishment. If, however, the members of the United Nations did not feel any concern or responsibility in this matter, then after a reasonable opportunity had been offered, the United States would have to take its own measures to seek relief.

Mr. Menon said that he understood these people were spies. I read the substance of the statement given me by Mr. Cowles [3] describing the flight and the forcing down of the plane by the MIGs south of the Yalu River. Mr. Menon suggested they might have done their spying afterwards. I said this was ridiculous—the plane had been forced down, some of the crew had apparently been killed and the others had immediately been taken prisoner so that they had nothing to spy on except prison walls.

Mr. Menon said that he felt that action taken by us as against China would have repercussions which might lead to general war. I said this would be too bad and for others to decide; but while we wanted peace, we were not pacifists to a point where we could allow our rights to be trampled upon without any reaction. I said that the armed services had a particular sense of responsibility to look out for their fellows in uniform and that the uniform was respected in wartime even as against enemies and that this imprisonment of the uniformed members of the armed services for wholly fictitious grounds was something that no nation could accept without reaction. He asked what action might be taken. I said that there was no decision, but that a blockade had been talked about. Mr. Menon said he understood there was already a blockade of China so that a naval and air blockade would not really add anything. I said that if he felt that if a naval and air blockade was not a strong enough measure, perhaps we could think of something stronger. He said he did not really mean that.

In conclusion, Mr. Menon said that while the Repatriation Commission had technically been dissolved, he nevertheless felt that since India had provided the chairman for the Commission, it might be in order for us to communicate officially with the Indian

[3] Deputy Legal Adviser Willard B. Cowles; the document under reference has not been found in Department of State files.

Government in relation to this matter. He said that if we were embarrassed to communicate with India directly, we could do so through the United Kingdom.

I said that the United States was not primarily a petitioner here; that we felt an issue was involved which ought to arouse other nations on their own initiative to use influence to get the prisoners released; that the President and I strongly hoped they would do so, and this seemed to us to be as much in their own interest as in our interest; and if they did not feel disposed to do anything about the matter, then we would have to accept that fact. Mr. Menon asked whether we thought of doing anything in the United Nations. I said I thought the United Nations certainly had a strong responsibility in the matter particularly since these men were serving the United Nations Command. Mr. Menon said he doubted whether any good would come out of United Nations action.

J. F. D.

No. 427

611.95A241/12-354:Telegram

The United States Representative at the United Nations (Lodge) to the Department of State

LIMITED OFFICIAL USE
PRIORITY

NEW YORK, December 3, 1954—10 p.m.

Delga 329. Re: US fliers held by Red China. After discussion with the Secretary this noon I called meeting of 16 for purpose of reaching decision as to whether to go to SC or GA and to put before them text of res which reflected US views (see Delga 328) [1] as well as Dept's text of background information on US AF personnel sentenced by ChiComs. [2]

Nutting (UK) asked to see me immediately before this meeting to report on his instructions from Eden. UK view is firmly in favor of GA action. They feel SC route is wrong because, among other reasons, going to a body where it is obvious that Soviets will exercise veto will be regarded by certain elements of public opinion as simply another cold war exercise in which we are courting a veto.

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[1] Delga 328 from New York, Dec. 3, transmitted the text of the U.S. draft resolution, which called upon the Chinese Communist authorities to release forthwith the 11 airmen and all other captured UN personnel held by them and requested the President of the General Assembly to transmit the resolution to the Chinese Communist authorities and to take all steps necessary and appropriate for effectuating its purposes. (611.95A241/12-354)

[2] Not identified.

Present state of UK public opinion is all in favor of release 11 fliers. Nutting said he wanted to keep it that way by not taking action which would give rise to unfortunate suspicions regarding US motives.

In meeting of 16 I set forth reasons why, in our opinion, SC initial approach contained advantages. Nutting then outlined UK reasoning in opposition to this course at length. Although most reps were without specific instructions, lengthy discussion developed clear consensus in favor of taking case directly to GA.

Very little discussion on draft res took place, but Nutting read out language as substitute for our para (calling upon ChiCom authorities to release prisoners forthwith) which would request GA President to use his good offices to secure the earliest possible release these prisoners in accordance with their obligations under the armistice agreement and in line with the express undertaking of the ChiCom side in the MAC of August 31, 1953 by which they agreed release all PWs including those who had committed crimes before or after capture. Nutting is to circulate to 16 text his ideas for resolution this evening.

Decision was taken to announce to press agreement of 16 on referral to GA. Also agreed, but not announced, was that this case should go direct to Plenary and not be taken up in First Comite. USGADel will, after consultation re wording with others of 16, transmit tomorrow request to SYG for additional item, enclosing explanatory memorandum. [3] 16 agreed meet again Mon afternoon to go over text resolution to be submitted under this new item.

LODGE

[3] For text of Lodge's letter of Dec. 4 to UN Secretary-General Dag Hammarskjold and the enclosed explanatory memorandum, see UN document A/2830 or Department of State *Bulletin*, Dec. 20, 1954, pp. 931–932.

No. 428

793.00/12-654

Memorandum of Conversation, by the Deputy Director of the Office of United Nations Political and Security Affairs (Bond)

TOP SECRET EYES ONLY [WASHINGTON,] December 6, 1954.

Subject: China Item: Consultations with the United Kingdom and New Zealand.

Participants: Ambassador Leslie K. Munro of New Zealand
Mr. George Laking, Minister, New Zealand Embassy
Sir Roger Makins, Ambassador of Great Britain

The Secretary
Mr. Douglas MacArthur, II, Counselor
Mr. Walter Robertson, Assistant Secretary
Mr. Livingston Merchant, Assistant Secretary
Mr. David Key, Assistant Secretary
Mr. Walter McConaughy, Office of Chinese Affairs
Mr. Niles W. Bond, UN Political and Security Affairs

Ambassador Munro and Ambassador Makins called on the Secretary this morning to continue discussion of the subject item.

The Secretary opened his remarks by noting that the recent announcement of the conclusion of a mutual defense treaty with Nationalist China had, as expected, gone off smoothly in terms of public reaction. He said that in these circumstances the U.S. Government would like to see the proposed New Zealand initiative proceed. In response to a question from Ambassador Munro concerning timing, the Secretary said that he saw no reason why it should not go forward within a week. He noted that New Zealand would succeed to the Presidency of the Security Council in January and said he assumed it might be awkward to proceed with their resolution during the month when the New Zealand Delegate was in the Chair.

Ambassador Munro recalled that there was a precedent in the Security Council for protecting the Chair during the discussion of items in which the President's Government was an interested party, but said that he nevertheless thought it would be better to proceed under the chairmanship of the President for December, Mr. Malik of Lebanon. He added that if the item should come up in January he would step down from the Presidency and that Peru as the next in alphabetical order would take the Chair.

Ambassador Munro went on to say that he had received a telegram indicating that his Government was anxious to have the Secretary's estimate of the possible effect of the New Zealand initiative on the bellicose intentions of the Chinese Communists. He added that his Government had been impressed by the apparently gentle reaction of the Peiping regime to the announcement by the U.S. of its treaty with Nationalist China, and requested the Secretary's views as to how they would react to the proposed New Zealand resolution.

Ambassador Makins interjected that he had also received a message from his Government, in which Sir Anthony Eden had expressed himself in favor of a further delay in the proposed exercise. He said that the British Chargé d'Affaires in Peiping had reported an angry reaction there to the treaty announcement, directed not only against the U.S. but also against the UK as a "conniving

party". He said it was the view of his Government that, in order to proceed with the New Zealand initiative, we would need to have a certain minimum willingness on the part of the Chinese Communists to play along. He added that it was London's estimate that this minimum willingness did not exist, and that even the Soviet Union would not be able to restrain the Chinese Communists from reacting violently to our proposed course of action. He said his Government therefore believed that to proceed with the New Zealand initiative at this time might be to stimulate the Chinese Communists to further acts of aggression. Ambassador Makins stated that his Government also had in mind that the presence in the General Assembly of three other controversial items involving Communist China would make it difficult to introduce another such item into the Security Council. He said that for these reasons Sir Anthony was not inclined to favor immediate action and that he wanted to discuss the matter further with the Secretary in Paris later this month. [1] He said that Sir Anthony also felt that all documents relating to the recently-concluded treaty, including the exchange of notes, should be published prior to proceeding with the New Zealand resolution. He then inquired as to the status of the exchange of notes insofar as possible publication was concerned.

The Secretary replied that, in the absence of public pressure in the U.S. for the release of the notes, we did not intend to make them public unless it should prove to be necessary in connection with the New Zealand initiative. He said, however that if it should be decided that the publication of the notes would be useful in the latter connection, we would be disposed to agree to their release. Ambassador Makins said that it would be the UK view that publication of the notes would be necessary if the New Zealand initiative were to proceed. Ambassador Munro said that this would also be the view of his Government. The Secretary said that in that event we would be willing to make public the texts of the notes, adding that if the New Zealand initiative did not go forward, we would probably not make any release at least until Senate hearings on the treaty.

Ambassador Munro then raised the question as to what action we should take in the event the New Zealand initiative should be followed by a Chinese Communist attack on the offshore islands. He added that he assumed that in such event we should all have to consult together as to further steps. Regarding Sir Anthony Eden's suggestion that he discuss the present exercise with the Secretary in Paris, Ambassador Munro asked whether there were not some

[1] Secretary Dulles attended the Fifteenth Ministerial meeting of the North Atlantic Council in Paris Dec. 17–18; for documentation, see vol. v, Part 1, pp. 549 ff.

chance that earlier consultations could be arranged between the Secretary and Sir Anthony, perhaps through telegraphic channels.

Ambassador Makins stated that he would report this conversation, and in particular the Secretary's views, to Sir Anthony at once. He pointed out, however, that advice being received from UK representatives in both Peiping and New York was generally in support of Sir Anthony's own inclination to hold off a bit on the New Zealand initiative. Ambassador Munro said that he would similarly report the present conversation to his Government. The Secretary remarked that he would be willing to send a personal message to Sir Anthony on this subject if it would be helpful. Ambassador Makins said he did not believe such a message would get us very far along, and said that it was in any event the view of the UK Delegation in New York that the exercise should not be launched while the General Assembly was still in session, which would put it off until close to December 20th. Ambassador Munro said that he did not necessarily agree that it should be put off until the conclusion of the Assembly session, since he believed the timing should be the subject of day-to-day consultation based on the development of events. Ambassador Makins said that the views of the UK Delegation on this point did not represent a rigid position on the part of his Government.

Ambassador Munro remarked that the matter of the imprisoned fliers was due to come up today in the General Committee, [2] although it probably would not reach the plenary before Wednesday or Thursday. [3] He said that he understood it to be the view of the U.S. Government that there would be no justification in inviting the Chinese Communists to be represented in the debate. The Secretary confirmed that it was the U.S. view that their presence would serve no useful purpose. He pointed out that the Peiping regime had already made its statement on the case, and said that even if we accepted their version (which we did not) there would still be a strong case for the release of the fliers. In this connection he recalled that the Neutral Nations Repatriation Commission had asked for the return of prisoners of war even in cases in which they had been convicted of crimes committed either before or after their capture. He asked rhetorically what the Chinese Communists could say that would change this situation. Ambassador Munro expressed agreement.

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[2] The General Committee decided that day, by 10 votes to 2 with 2 abstentions, to recommend inclusion of the item in the agenda of the General Assembly and, by the same vote, to submit it directly to the Assembly in plenary session. For text of statements made by U.S. representatives in the General Committee that day, see Department of State *Bulletin*, Dec. 20, 1954, pp. 932-934.

[3] Dec. 8 or 9.

Ambassador Munro then inquired as to what reaction there had been from Formosa with regard to the announcement of the treaty. Mr. Robertson said that there had been no particular reaction beyond what would normally be expected. The Secretary said that there had been some reaction in the U.S. to the effect that the treaty constituted a write-off of Chiang's hopes to return to the mainland, but that there had been really very little excitement considering the controversial nature of the subject matter. He added that he had inquired of Senator Knowland concerning Congressional reaction, and had been told by the Senator that there had been no particular reaction one way or the other in either wing of his own party.

Returning to the New Zealand initiative, Ambassador Makins said that his Government had from the first regarded that move as a first step toward a wider settlement, and that the question now raised itself as to whether it would still serve that purpose. He said the UK view was in general that under existing circumstances it probably would not. He pointed out that while there were also obvious risks involved in not going ahead, it was the view of his Government that these would be outweighed by the risks attendant upon proceeding with the New Zealand initiative at the present time. He conceded, however, that this was a finely-balanced question.

The Secretary agreed that it was certainly a difficult question to answer. He said that it might be argued that the announcement of the treaty with Nationalist China might spur the Chinese Communists to intensify their aggressive acts in the absence of a new deterrent, and that the New Zealand initiative might provide just such a deterrent. He said that he had no great hopes that the Chinese Communists would behave themselves and accept the jurisdiction of the Security Council in this matter, but that he believed that the mere presence of the item on the Security Council agenda would tend to act as a deterrent, even though no positive result should eventuate. Ambassador Munro said that his Government was generally in agreement with that point of view, but that they also needed the support of the UK in proceeding with their resolution. The Secretary stated that he would be content merely to have the New Zealand item remain on the agenda of the Security Council, and that he would not be disposed to force the issue by further action against the Peiping regime if they did not accept the Security Council's decision. He said that it was his own opinion that the Chinese Communists, however violently they might speak, tended to think rather coldly and unemotionally. He said that they might be compared to chess players in that they were not likely to be provoked into any action without having first weighed the costs delib-

erately. He said that he realized that we were here dealing in imponderables, and that we could never be absolutely sure, but that this represented his own point of view. The Secretary said that once the item were placed on the Security Council agenda it would be easy to delay taking further action, since both sides would have to be heard and this would itself involve considerable delays. He said there would be the advantage, however, that the mere presence of the item on the agenda would focus attention on the desirability of a peaceful solution.

Ambassador Makins asked whether the U.S. would be inclined to press the matter to a vote. The Secretary replied that he would not be so inclined, but would be willing to rely on the deterrent effect of the fact that the matter had been brought under Security Council consideration. The Secretary added that under these circumstances the matter might drag on for weeks if not months without positive action. Ambassador Munro expressed agreement and added that during that period we would at least be talking and not fighting.

The Secretary asked if Ambassador Makins would report these views to Sir Anthony Eden, who, he thought, might be under the impression that we were intending to force the matter through to some positive action. Ambassador Makins replied that he would certainly do so.

No. 429

611.95A241/12-654: Telegram

The United States Representative at the United Nations (Lodge) to the Department of State

CONFIDENTIAL
PRIORITY

NEW YORK, December 6, 1954—2 p.m.

Delga 346. Re: US fliers held by Red China. Following is new draft resolution agreed by US and UK, substantially as reported to the Secretary this morning.

"The General Assembly:

"Having considered the item proposed by the US as the UC regarding eleven members of the US Armed Forces under the UNC captured by Chinese forces when undertaking a mission on January 12, 1953, at the direction of the UNC;

"Recalling the provisions of Article III of the Korean armistice agreement regarding the repatriation of POWs;

"Declares that the detention and imprisonment of the eleven American airmen, members of the UNC, referred to in document

A/2830, [1] and the detention of all other captured personnel of the UNC desiring repatriation is a violation of the Korean armistice agreement;

"Condemns, as contrary to the Korean armistice agreement, the trial and conviction of POWs illegally detained after the 25th of September 1953;

"Requests the SYG, in the name of the UN, to seek the release, in accordance with the Korean armistice agreement, of these eleven UNC personnel, and all other captured personnel of the UNC still detained;

"Requests the SYG to make continuing and unremitting efforts to this end and to report progress to all members on or before December 31, 1954."

LODGE

[1] See footnote 3, Document 427.

No. 430

611.95A241/12-654: Telegram

The United States Representative at the United Nations (Lodge) to the Department of State

OFFICIAL USE ONLY
PRIORITY

NEW YORK, December 6, 1954—8 p.m.

Delga 350. Re US fliers held by Red China. Nutting (UK) and I met this a.m. to effect marriage of respective draft resolutions. [1] UK reference to specific understanding in MAC of 31 August 1953 was deleted at our request in view of more effective use which can be made of this point during debate, and for reason we do not wish imply in any way that 11 airmen are guilty of any pre- or post-capture offense. Reference to detention "by either side" was also deleted at our suggestion. Original UK idea of declaring detention and imprisonment as contrary to international law (as well as to terms Korean armistice agreement) was opposed by Eden, and likewise dropped.

UNSYG was substituted for GA President, as the one requested to seek release, at our suggestion, because (a) office of SYG has more impersonal character, (b) SYG has continuing authority not restricted to GA session, and (c) more flexibility is gained in decid-

[1] The text of the British draft resolution was sent to the Department in Delga 340 from New York, Dec. 5; the operative paragraph requested the President of the General Assembly to seek to secure the release of the 11 airmen. (611.95A241/12-554) The U.S. draft has not been found in Department of State files.

ing what next steps are to be if in fact we should prefer have special GA session or go to SC or anything else.

UK did not like idea of deadline which gave appearance of ultimatum. For that reason language was drafted which leaves open possibility of further negotiations while at same time asking for report on progress within specific time. Text as finally agreed (see Delga 346) [2] shown to SYG Hammarskjold, who readily accepted idea of his office undertaking to seek release of PW's he interpreted wording last two paragraphs as giving him sufficient authority to do whatever in his judgment seems best way of obtaining results.

Meeting of 16 convened at 2 p.m., before which time all dels had been given copy draft resolution approved by US and UK. Both Philippines and French circulated to 16 before this meeting suggested redrafts of parts of resolution. Before detailed discussion I made suggestion that all dels who had any information on their nationals still detained by Red China should come forth with it during debates. I read out figures available to US Govt re UNC personnel from other countries still unaccounted for.

Nutting presented US–UK draft to 16, arguing in particular for "declares" and "condemns" paragraphs as perfectly justified. In this connection he referred to statement made by Eden today in Parliament which was quite strong in tone and commended text as being in line with Eden's views. Nutting also gave reasons why Philippine suggestions were not desirable. Philippine draft would have based UN action not only on breach of armistice but on violation basic UN principles human rights and fundamental freedoms. Nutting said this would get away from clear-cut issue of armistice breach, which was only substantive undertaking of ChiComs.

Hoppenot (France) had instructions on two points: FonOff wanted (a) to see reference to Geneva Conventions 1949 in "declares" paragraph, and (b) to insert language in last paragraph giving SYG complete discretion in his operation. Although many felt it was unnecessary language, US and UK accepted it so that words "by the means most appropriate in his judgment" were inserted after "to make" in final paragraph. This was only change from text Delga 346.

Both Von Balluseck (Netherlands) [3] and Spender (Australia) asked why date of 31 December 1954 was set, and would happen if ChiComs delayed answering, or reacting to, SYG overtures beyond this date. After it was made clear that 31 December was not cut-off

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[2] *Supra.*

[3] D.J. von Balluseck, Netherlands Representative at the Ninth Session of the General Assembly.

date for SYG activities, and that no one could now say what next steps might be, both acquiesced. Johnson (Canada) said he had to make clear that by going along with this resolution his government was not making commitment re future action.

Greece, New Zealand, South Africa, Netherlands, Thailand, and Turkey at once said they would go along with resolution. When I asked if there was need for further meeting before all would agree to filing resolution with 16 listed as co-sponsors, no objections were raised. Decision was reached that after item inscribed today, and if nothing further heard by 6 p.m. today, US would put resolution in tomorrow at opening of business. I plan to hand text to SYG at 10:30 Tuesday 7 December. [4]

LODGE

[4] For text of the resolution, sponsored by the 16 powers and submitted on Dec. 7, see UN document A/L.182 or Department of State *Bulletin*, Dec. 20, 1954, p. 932.

No. 431

PPS files, lot 65 D 101, "China"

Memorandum by Henry Owen of the Office of Intelligence Research to the Director of the Policy Planning Staff (Bowie) [1]

TOP SECRET [WASHINGTON,] December 7, 1954.

Subject: The *London Economist* and the Offshore Islands (Mostly the Latter)

1. *Effect of Present Policy.* The attached article from a recent *London Economist* [2] succinctly describes the dangers inherent in our present policy toward the offshore islands. The only thing questionable seems to me its apparent conclusion that "restraint and wisdom" by US military personnel on the spot might avert these dangers. For as long as our policy remains to "keep the Communists guessing" as to what we would do in the event of an attack on the offshore islands, there must exist—to quote from NIE's, which have repeatedly warned that this was the way in which war was most likely to come about—a risk that "general war might occur as the climax of a series of actions and counteractions which neither side originally intended to lead to general war".

This risk arises, it seems to me, out of the fact that the Communists are unlikely to be deterred by our present policy from pro-

[1] A handwritten notation on the source text indicates that it was discussed with the Secretary on Jan. 12, 1955.

[2] Dated Nov. 20, not printed.

gressively expanding their pressure on the offshore islands. The IAC estimates, in fact, that they will not only continue probing operations but also eventually attempt to conquer the islands, one by one.

I do not know what the NSC has decided we should do in the event of an attack on the islands, but I am not sure that this decision would prove much more relevant to the course of events than the US decision concerning the defense of South Korea turned out to be after June 25, 1950.

Tolstoy once said that the only decisions which get carried out are those which correspond to what would have happened if they had not been made. This may be extreme, but we should not exaggerate the ability of the executive branch of the US Government to carry out its present intentions in regard to the offshore islands, whatever they may be, at a time when it would have to make decisions quickly, in great excitement and under extreme pressure, in confused communication with local commanders who had their own views and who had to act even more quickly, and in the face of an excited and divided domestic opinion (whose divisions would be reflected, to some extent, in the executive branch itself).

My own feeling is that no one of us knows what would happen if the Communists began to invade the offshore islands, while the National Government of China remained committed to their defense, and before the US Government had made clear its intentions with respect to that defense.

At least some US Congressional and press opinion, inflamed by the current Sino-American dispute over the trial of the eleven airmen, would probably call for vigorous action.

It is possible that the US Government would be influenced not only by that call but also by the way that many of its members (possibly including you and I) might feel if they read of 50,000 Nationalist soldiers on Quemoy fighting bravely but about to be swamped for lack of supplies and air support. When large headlines tell of considerable blood being spilled by friendly forces, a new atmosphere is apt to be created, in which decisions that were made in calmer times may seem of only academic relevance.

In such an atmosphere, it would be only too easy for a US Government that was not publicly committed to a different course to respond to external pressures and to its own mixed feelings by authorizing the local US commander to take certain half-way measures, e.g., to protect reinforcements to or withdrawals from the island under attack. Such measures could mean American losses, which might lead to US counteraction.

In any fighting which came about in this way, the US would, as the *Economist* implies, find itself completely isolated from its major

allies. That isolation would certainly not discourage the Russians from affording Peiping maximum support.

Now suppose, on the other hand, that the US did nothing, in the event of an attack upon the offshore islands, except take the case to the UN, where it would probably meet with little favor. Would not the US loss of prestige be much greater than if US intentions had previously been made clear?

The Chinese Communists might be more apt than otherwise to conclude that there was a certain amount of bluff to US policy, and there might be greater doubts in such areas as Taiwan and Thailand as to US reliability. Part of the US Congress, press, and public might feel ashamed and embittered by our failure to defend a position which our deliberately mystifying policy had caused them to believe we might possibly seek to hold. The after-effects of this adverse domestic reaction could create an atmosphere within which it would be more difficult to maintain a moderate and predictable US policy in the Far East.

2. *Possible Alternatives.* These possibilities raise a question as to whether it would not be better to abandon our present "keep them guessing" policy and make a clear-cut choice between:

(a) telling the National Government of China that we would be unwilling to afford any material aid to troops on the off-shore islands after a given date, that we urge these troops' withdrawal before that date, and that we would be willing to use the threat of force to deter any Communist attack upon them until that date;

(b) advising the Chinese Communists that we would regard any attack upon the offshore islands as preliminary to an attack upon Taiwan, and would react accordingly.

3. *Evaluation.* Obviously, each of these two courses of action has grave disadvantages.

The National Government of China would blame us bitterly, and probably publicly, for the withdrawal of its forces. If it refused to effect that withdrawal, we would have to make clear the policy which we were following, in order to avoid the disadvantages of our present course of action: this clarification would hasten (but probably only hasten) the inevitable Communist attack upon the islands.

If we took the offshore islands under our wing, we would have given a standing hostage to fortune—although one whom we might hope that only a Chinese Communist Government which was fully prepared for hostilities with us would be likely to execute.

The disadvantages of our present course appear even greater, however, than those suggested above. These disadvantages can perhaps best be illustrated by reference to history.

When Russia and Turkey were at war over the Holy Places in 1853, the British Government was divided in its purposes. Some of its members, like Palmerston, were looking for a pretext to retract overall Russian power; others, like the Prime Minister—who complained that Palmerston had "sketched out the plan for a thirty year's war"—merely wanted to preserve Turkey's integrity. This same division was reflected in the press and in public opinion.

Because it was unable to agree on the terms of any warning, the government never got around to telling the Russians how far they could—or could not—go in destroying Turkish power; it was equally too weak and divided to exercise any effective restraint on the Turks. When the latter sailed a fleet provocatively close to Russian ports in the Black Sea, the Russians, who had already managed to occupy Turkey's Danubian Principalities without any trouble from the West, decided to have a shot at its destruction. The public outcry in England at the resultant "massacre" of a fleet only very vaguely under British protection forced a reluctant government to send into the Black Sea the British warships which had been cautiously held back at the Bosphorus. These ships' rather strange orders to force the Russian fleet to return to its ports rendered war virtually unavoidable.

At the threshold of the next great European war, it was Russia which failed to form and make clear in advance its intentions—this time with respect to the defense of Serbia. Thus the Central Powers, which Russia had allowed to humiliate Serbia in 1908, initiated a war which they expected to be no more than a local aggression against that Balkan country in 1914.

When Germany saw that Russia meant to uphold Serbia, she tried to draw back, but Russian opinion had by then become aroused by the Austrian shelling of Belgrade, and the pacifically minded Tsar did not feel that he could delay counteraction (general mobilization) any longer. German war plans, in turn, were so drawn as to render it impossible for Germany to tolerate the completion of Russian general mobilization.

If history renders a somber verdict on attempts to keep great and hostile powers guessing, it also suggests that a policy of clarity and firmness is apt to be rewarded.

One example: in 1878, in a situation somewhat similar to that which preceded the Crimean war, the British Government made very clear to the Russians, to its own public (at the cost of considerable domestic criticism), and to the Turks how far it would and would not permit Russia to go in her war against Turkey. As a result, the Russians drew back at the gates of Constantinople, the British fire-eaters were restrained, and a face-saving procedure for surrendering most of Russia's war gains was devised at the Con-

gress of Berlin. War between England and Russia was averted, and most of European Turkey was saved—at least for another fifty years.

4. *Conclusion.* I suspect that most of the points made in this memorandum are not new, and that the need for clarifying our present policy toward the offshore islands is recognized in the Department.

I wonder, however, if an attempt is being made to meet this need with the urgency that the present situation seems to require. The Department has generally been an even less expeditious instrument for changing than for making policy, except in those cases where the change was being sought consciously and continuously at the highest levels as a matter of the highest priority.

The need for speed is now the greater since the Sino-American dispute over the case of the eleven airmen would seem to increase the difficulties involved in any attempt by the US Government to remain passive in the face of a Communist attack on the offshore islands. Since this dispute would also render it difficult to execute alternative (a)—disengagement, the only feasible course for the present would seem to be alternative (b)—a warning to the Chinese Communists.

If such a warning were publicly conveyed, it would probably be considered provocative by the Communists, and it might be contraproductive in its effects. A private warning would have the further advantage of not affecting the posture of the US Government in the eyes of the US public, thus preserving for that government a freedom of action which would be greatly reduced by any public declaration.

A private warning might be conveyed effectively via the USSR, and this could probably be done in such a way as not to prevent eventual adoption of alternative (a), if this were desired. For example, our Ambassador to Moscow could state frankly to the Soviets that the US:

(a) would be unable, for reasons of prestige, to accept the forcible conquest of Nationalist positions on any of the major offshore islands during the present heightened period of Sino-American tension;

(b) attached, however, no value to the offshore islands per se, and might be able to take a very different view of their eventual disposition after a period in which the Chinese Communists had negotiated a satisfactory settlement of the case of the eleven airmen and had refrained from further provocative actions.

If Chinese Communist actions were such as to encourage us to proceed with disengagement, discussions could be initiated with the Chinese Nationalists before the period of explicit US protection

had expired, with a view to persuading them to use this period to withdraw from the offshore islands. As a reward, they might be offered increased US aid (which could be linked to the expansion of Nationalist forces on Taiwan resulting from the islands' evacuation); the alternative, they might be told, would be the explicit withdrawal of US protection from the offshore islands and hence the consequent probable eventual loss not only of these islands but also of the sizeable well-trained forces now stationed thereon.

If, on the other hand, the Chinese Communist actions were not encouraging, we would continue to make clear to Peiping via the Soviets our unchanging position with respect to the protection of the offshore islands.

In either case, the danger of our involvement in fighting as a result of a Chinese Communist miscalculation would seem likely to be reduced.

No. 432

793.00/12-754

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy) [1]

TOP SECRET EYES ONLY
LIMITED DISTRIBUTION

[WASHINGTON,] December 7, 1954.

Subject: Timing of Operation "Oracle"

Participants: Sir Roger Makins, British Ambassador
George Laking, New Zealand Chargé
The Secretary
Mr. MacArthur—Counselor
Mr. Robertson, Assistant Secretary, FE
Mr. Key, Assistant Secretary, IO
Mr. McConaughy, Director, CA

Amb. Makins said Mr. Eden agreed that the issue as to whether operation "Oracle" should be undertaken was delicately poised. The Foreign Secretary was interested in Mr. Dulles' suggestion that it might be well to start operation "Oracle" without pressing it to an early conclusion. He still preferred to wait until he saw Mr. Dulles in Paris before definitely making up his mind, but the Secretary's thinking had modified his own attitude.

Amb. Makins suggested that preparatory work on operation "Oracle" might start at once, without any commitment by anyone.

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[1] A handwritten note by O'Connor attached to the source text indicates that it was approved by the Secretary.

This would take at least three or four days. Among the questions to be decided were:

1. Publicity for the exchange of notes with the Chinese Nationalist Government.
2. What sort of notification the British Government would send to Peiping and Moscow, and when.
3. Stage management of notification of other interested governments.

He thought we might form a group to work on this and endeavor to have a plan ready by Dec. 13 or 14. Then a definite decision could be taken after the Secretary and Mr. Eden met in Paris.

The Secretary said this was satisfactory. He asked Mr. Laking if this would be acceptable to the New Zealand Government.

Mr. Laking said that he had only had an opportunity to consult Amb. Munro in a preliminary way but he thought it would be safe to assume that the New Zealand Government would be entirely agreeable to this suggestion. He would endeavor to confirm this immediately.

Amb. Makins asked whether the preparatory work should be done in Washington or in New York?

The Secretary said he thought that Washington would be better.

Mr. Laking said that Amb. Munro was open minded and would be guided by the Secretary's wishes.

Amb. Makins suggested the Secretary might authorize a group to start work.

The Secretary mentioned the problem of publicity for the exchange of notes with the Chinese Government. There was a question whether the handling should be separate and distinct from operation "Oracle", or identified with it. He thought it might be preferable to handle the exchange of notes as a separate operation.

Amb. Makins agreed but thought there was a question of timing. HMG would not be willing to support operation "Oracle" unless publicity for the exchange of notes preceded "Oracle".

The Secretary asked Mr. Robertson if we were free to accord publicity to the exchange of notes?

Mr. Robertson said there were certain obligations to the Chinese. We were bound to consult with and inform them. We had told them that we would not reveal the exchange of notes without a definite reason for doing so. We had reserved the right to accord publicity to the notes and mentioned specifically that we would probably have to do this in connection with the Senate hearings on the treaty. We had the right to publicize the notes if we considered such action necessary but we needed to consider how we would present the matter to the Chinese.

Amb. Makins reiterated that publicity for the exchange of notes was a necessary prelude to proceeding with "Oracle".

The Secretary said he understood. He remarked that there was a surprisingly small amount of concern by the U.S. press and public over the question of Chinese Nationalist freedom to carry on offensive operations.

No. 433

Eisenhower Library, Dulles papers, "Telephone Conversations"

Memorandum of Telephone Conversation, Prepared in the Department of State [1]

[WASHINGTON,] December 8, 1954—12:58 p.m.

Telephone Call From Amb. Lodge

L. said Hammarskjold came over and said he had been studying how he would operate under this resolution. He rejected working through the Indians or the British or by cable or letter, and he has decided to go himself. Both agreed this is good. L. read the statement H. proposes to issue after the resolution is passed. The Sec. said we have to be careful they don't bring these brainwashed fellows to tell him lies. They agreed he should be given a full briefing of what the facts are. L. asked if the Sec. will designate someone to get briefing materials ready. The Sec. asked if L. were going to get the other 4 in. [2] L. said they are covered now, and he doesn't want to recommend changing the resolution. H. said he didn't like the idea of reporting on the 31st, but L. said he didn't want to change the resolution. We would be satisfied with a cable. The debate starts this p.m. and they hope to finish tomorrow night. [3]

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[1] Apparently prepared by Phyllis Bernau; the initials "pdb" appear on the source text.

[2] A letter of Dec. 7 from Lodge to the Secretary-General called attention to four additional U.S. airmen who had been captured by the Chinese Communists while flying for the UN Command in Korea and who were known to be imprisoned in China; for text of the letter, see UN document A/2843 or Department of State *Bulletin*, Dec. 20, 1954, pp. 934–935.

[3] The General Assembly discussed the subject at plenary meetings 505 through 509, Dec. 8–10. Excerpts from the statements made by Ambassador Lodge during the debate are printed *ibid.*, pp. 935–944. On Dec. 10, the General Assembly adopted without change the resolution submitted by the 16 powers, by a vote of 47 to 5 with 7 abstentions, as Resolution 906(IX).

No. 434

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 228th Meeting of the National Security Council, Washington, December 9, 1954 [1]

[Extracts]

TOP SECRET EYES ONLY

Present at the 228th Council meeting were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; the Director, Office of Defense Mobilization; the Secretary of the Treasury; the Attorney General (for Item 1); the Director, Bureau of the Budget; the Chairman, U.S. Civil Service Commission (for Item 1); the Chairman, U.S. Information Agency (for Item 2); the Deputy Secretary of Defense; the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; the Assistant to the President; Robert Cutler, Special Assistant to the President; the NSC Representative on Internal Security (for Item 1); the White House Staff Secretary; and the Acting Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the main points taken.

. . . . . .

3. Significant World Developments Affecting U.S. Security

[Here follow the intelligence briefing, given by Allen Dulles, beginning with comments concerning Japan and discussion of the question of trade between Japan and the People's Republic of China. For text of this portion of the memorandum of discussion, see Document 835.]

As the second point in his briefing, Mr. Dulles described the Chinese Communist reaction to the signature of the mutual security treaty between the United States and the Chinese National Government on Formosa. [2] The Communist reaction had been very bitter. There were accusations that the United States was planning an indefinite occupation of Formosa. The treaty had been described as provocative and, indeed, as an act of war. "Grave consequences"

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[1] Drafted by Gleason on Dec. 10.

[2] The text of a statement on Dec. 8 by Chou En-lai, charging that the treaty was a "grave warlike provocation" and declaring that the United States must accept "all the grave consequences" if it did not withdraw its forces from Taiwan, the Pescadores, and the Taiwan Straits, is printed as a supplement to *People's China*, Dec. 16, 1954; extracts are printed in *Documents on International Affairs, 1954*, pp. 330–333.

would almost certainly follow. All this language, said Mr. Dulles, was strikingly reminiscent of the language used by Peiping just before the Chinese Communists intervened in North Korea. On the other hand, at the present time Communist China had no potentiality for invading Formosa, and it was accordingly difficult to see what they could do to carry out their threats. They might, perhaps, make a "suicide" attempt at Formosa, with the objective of stirring up world opinion against the United States. Another possibility was a move against the offshore islands.

Mr. Dulles noted as significant the fact that the Chinese Communists were attacking the United Kingdom in language almost as strong as that used against the United States. Secretary Dulles added that the attitude of the United Kingdom with respect to the issue of the imprisoned American flyers had been very helpful indeed. Nutting had made a perfectly wonderful speech in the UN. [3] The President commented that he was glad to hear that the United States had a few warm friends.

With respect to the so-called "American spy case", Mr. Dulles said that the Chinese Communists continued to press their verbal attack. They were calling upon the United States to give back the 48,000 prisoners of the Korean war whom they alleged we had forcibly prevented from returning to their homeland, and were also making demands that we repatriate Chinese students now allegedly detained by force in the United States. Mr. Dulles and other members of the Council thought that this might actually constitute a genuine Chinese Communist bargaining position.

The President inquired whether we had ever really given thought to setting forth the three or four specific actions by the Chinese Communist Government which might cause the United States to give serious consideration to a change in its policy toward Communist China. The President said that of course he would not want to give any publicity to such Chinese actions, but if by some chance they undertook to remove these specific sources of friction, what would the United States do in return?

Secretary Dulles said that if the Chinese Communists did remove specific sources of friction this might have some effect on U.S. policy; but he insisted, as he had done at the previous Council meeting, that one could not list specifics, because it would be possible for the Chinese to comply superficially with this list without actually doing so in the genuine good faith that is really vital to an understanding. The President did not press his point.

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[3] For text of Nutting's statement made in the General Assembly on Dec. 8, see Department of State *Bulletin*, Dec. 20, 1954, pp. 945–948.

The National Security Council: [4]

a. Noted and discussed the subject in the light of an oral briefing by the Director of Central Intelligence on the implications for the U.S. of the fall of the Yoshida Government in Japan; Chinese Communist reaction to the signature of the mutual security treaty between the United States and the National Government of China; and developments in Communist China respecting the imprisonment of U.S. military personnel.

b. Noted the President's desire that a Special National Intelligence Estimate be prepared, as a matter of urgency, analyzing the net effect on Japan and on North China and Manchuria of an increased flow of consumer goods from Japan to Communist China in return for products from Communist China required by the Japanese economy.

Note: The action in b above, as approved by the President, subsequently transmitted to the Director of Central Intelligence for appropriate implementation.

. . . . . .

S. EVERETT GLEASON

[4] The lettered subparagraphs constitute NSC Action No. 1283. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions by the National Security Council, 1954")

No. 435

611.93241/11-2454

Memorandum by the Director of the Office of Chinese Affairs (McConaughy) to the Assistant Secretary of State for Far Eastern Affairs (Robertson) [1]

TOP SECRET
LIMITED DISTRIBUTION

[WASHINGTON,] December 9, 1954.

Subject: Treatment of Cases of Downey and Fecteau

Immediately following our discussion of December 4 with the Secretary of the possibility of releasing a fuller description of the mission of Downey and Fecteau when they were taken prisoners, I had telephone discussions with Mr. Wisner and Mr. Godel, and met with them on December 6.

The consensus was that any comprehensive revelation of the precise nature of the mission of Downey and Fecteau, although that mission was legitimate and necessary, would be highly questionable for the following reasons:

[1] Filed with Document 408.

1. Since the mission of these two civilians was different from that of the 11 airmen, and had not been disclosed at the outset, questions would immediately be raised in the UN as to whether the full facts had been revealed as to the 11 airmen. Something of a shadow would be cast over that case which is now absolutely clear. It is believed that the excellent position we are now in as to the 11 airmen would be compromised to some extent.

2. In effect, the case of the two civilians would have to be aired before a political and propaganda forum, not an international Court of Justice. Politically our case as to the two would not seem airtight to the world at large if essentially all the facts were known. Even on the legal plane, there would be some unresolved questions of considerable import.

3. A fuller revelation would not accord completely with the official statements regarding the case already made by the Departments of State and Defense. An official contradiction of our earlier position would seriously weaken our stance.

4. Inasmuch as the case would not be politically airtight, it would probably prejudice the chances of obtaining the early release of Downey and Fecteau.

5. A fuller revelation might seem to put the Chinese Communists in a less unfavorable light. They might actually argue with some plausibility that the sentences are lighter than are customary in such cases in wartime.

6. An official and circumstantial revelation of the nature of the mission of these two would be counter to long-established usage of all countries. It is simply not customary for Governments to make any official disclosures regarding these operations, although they are carried on by all Governments in wartime. It is contrary to the practice of nations from time immemorial. It would be a breach of the tradition of official silence on these matters. As one member said "it is not the form—no country ever does it".

7. It would be difficult to defend domestically, for it would seem that we were going out of our way to incriminate these men and seal their fate.

However, it is believed that we could make a positive effort in behalf of these men in the UN without going to the lengths of a full revelation. We could affirm that their mission was directly connected with the UN effort and was necessary to the operations of the UN Command and that after the termination of hostilities all participants who are held prisoner should be returned. The UN side honorably complied with this requirement by returning all prisoners who wished to be repatriated, although all the Chinese Communist soldiers, being nominal "volunteers" (as admitted by Malik in the UN on December 6), were in a strictly irregular status. The Communist side has not reciprocally repatriated all captured UN personnel.

It is true that a vague general statement that the mission of Downey and Fecteau was connected with the war effort would raise questions which we would have to evade. Inevitably curiosity would

be aroused in the UN as to the precise nature of their mission. Evidence would be demanded in support of the statement that their assignment was connected with the war effort. We would have to be resolute in refusing to be drawn into a detailed description of their assignment.

Undoubtedly we have an obligation as Government representatives to do what we can to assist these men who patriotically and knowingly embarked on an extremely hazardous mission which was pursuant to a specific request of the Joint Chiefs of Staff, and approved as to policy by the State Department (see attachment). [2] The UN approach seems the most promising for us although we must recognize that we would encounter more difficulties in pressing this case in the UN than we are encountering in the case of the 11 members of the Air Force. A basis has already been laid in the form of the pending resolution, which calls for "the release of all the other captured UN personnel still detained". We would need to assert specifically that these men come within the category of "UN personnel".

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[2] The attached memorandum, unsigned and undated, with a covering note of Dec. 7 from Wisner to McConaughy, reads as follows:

"It is most significant that the very activities in which these civilians were engaged, had been requested by the Joint Chiefs of Staff and had been approved as to policy by the State Department. Shortly after the outbreak of the Korean war, and on or about 10 July 1950, CIA was officially advised that the JCS had recommended to the Secretary of Defense that CIA be authorized to exploit guerrilla potential on the *Chinese Mainland* to accomplish the objective of *reducing the Chinese Communist capabilities to reinforce North Korean forces.* On 20 July 1950, the State Department approved a CIA dispatch . . . authorizing the initiation of operations with this identical objective. From time to time thereafter during the course of the Korean hostilities, authorized spokesmen of the Department of Defense, the Joint Chiefs of Staff and the Department of State affirmed and reiterated their support of CIA guerrilla and resistance operations on the Chinese Mainland. In October 1951 the National Security Council, by its Directive 10/5, authorized the conduct of *expanded* guerrilla activities within China."

No. 436

S/S-NSC files, lot 63 D 351, NSC 5429 Series

Draft Statement of Policy, Prepared by the NSC Planning Board [1]

[Extracts]

TOP SECRET
NSC 5429/4

[WASHINGTON,] December 10, 1954.

CURRENT U.S. POLICY IN THE FAR EAST

. . . . . .

COURSES OF ACTION

5. In order to preserve the territorial and political integrity of the area, the United States should:

. . . . . .

**c. Ratify the Mutual Defense Treaty with the Republic of China covering Formosa and the Pescadores, and jointly agree upon safeguards against Chinese Nationalist offensive action. Pending the ratification of such a Treaty, continue the existing unilateral arrangement to defend Formosa and the Pescadores (excluding the Nationalist-held off-shore islands). For the present, seek to preserve, through United Nations action, the *status quo* of the Nationalist-held off-shore islands; and, without committing U.S. forces except as militarily desirable in the event of Chinese Communist attack on Formosa and the Pescadores, provide to the Chinese Nationalist forces military equipment and training to assist them to defend such off-shore islands, using Formosa as a base. However, refrain from assisting or encouraging offensive actions against Communist China or seaborne commerce with Communist China, and restrain the Chinese Nationalists from such actions, except in response to Chinese Communist provocation judged adequate in each case by the President.

. . . . . .

*7. In order to weaken or retard the growth of the power and influence of the Asian Communist regimes, especially Communist China, the United States should:

. . . . . .

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[1] This draft policy statement included the revisions in NSC 5429/3 made by the National Security Council on Dec. 1 (indicated on the source text by an asterisk) and further revisions recommended by the Planning Board (indicated on the source text by a double asterisk). Only those portions which include revisions recommended by the Planning Board and which specifically pertain to China are printed here. NSC 5429/4 was circulated to the Council with a covering note of Dec. 10 by Gleason. For additional portions of NSC 5429/4 and further related documentation, see vol. XII, Part 1, pp. 1035 ff.

Majority Proposal

**c. (1) For the immediate future and pending completion of and U.S. action on the study referred to in (2) below, maintain the current U.S. export, import and financial controls on trade with Communist China, and strongly urge other free world countries to maintain their current controls on trade with Communist China and to refrain from such actions as sending trade missions to Communist China.

(2) An appropriate agency or agencies should study on an urgent basis, all aspects of U.S. economic defense policy applicable to trade with the Communist bloc (including Communist China), taking into account in such study, among other things, the matters set forth in Annex B, and should submit to the National Security Council at the earliest practicable date comprehensive and detailed recommendations for such revisions in such policy as may be required by national security interests, both long and short range. [Any future change in U.S. over-all economic defense policy should be premised on the concept that it is part of an over all negotiating position which seeks to obtain an appropriate *quid pro quo* from any friendly, neutral, or communist country profiting from any such change.] †

State Proposal

**c. (1) Maintain the current level of United States export, import, and financial controls on trade with Communist China and administer these controls in such manner as to minimize friction with other Free World countries which might tend to lessen their active cooperation in the multilateral control program.

(2) Urge other Free World countries to maintain the current level of export controls on trade with Communist China. In aid of this effort, the U.S. should be prepared to exercise a greater degree of flexibility in handling problems of minor exceptions to the multilateral embargo.

(3) At a time determined by the Secretary of State, if feasible after the study referred to in (2) above is completed, begin consultations, particularly with the U.K. and France, looking toward agreement with the other cooperating industrialized countries of the free world on the extent, nature, and method of controls on trade with Communist China.

(3) Whenever it may be determined by the Secretary of State that further effort to maintain the current multilaterally agreed level of export controls would be seriously divisive among our allies or lead nations needing trade with Communist China toward an accommodation with the Soviet bloc, the Secretary should report this determination to the Council together with his recommendations, including guiding principles for any negotiation relating to revision of the multilaterally agreed controls.

*/**d. Utilize all feasible overt and covert means, consistent with a policy of not being provocative of war, (*) to create discontent and internal divisions within each of the Communist-dominated areas of the Far East, and to impair their relations with the Soviet Union and with each other, particularly by stimulating Sino-Soviet estrangement, (*) but refrain from assisting or encouraging offensive actions against Communist China or seaborne commerce with Communist China, (**) and restrain the Chinese Nationalists from such actions, except in response to Chinese Communist provocation judged adequate in each case by the President.

. . . . . .

Annex B

Matters To Be Taken Into Account in a Study of Economic Defense Policy Applicable to Trade With the Communist Bloc

This Annex states suggestions, points of view, and other matters to which attention was called during Council and Planning Board discussion of NSC 5429/3, and which, pursuant to the majority proposal for par. 7–c (p. 11) of the foregoing statement of policy, would be taken into account in a study of economic defense policy applicable to trade with the Communist bloc.

† Proposed by the Commerce and ODM representatives. [Footnote in the source text. The bracketed sentence appears in the source text.]

I. Draft prepared by Special Assistant to the President for National Security Affairs of certain principles which the President desired to have studied, based on his comments at the NSC Meeting on December 1, 1954 during the discussion of par. 8–c of NSC 5429/3.

1. In trading with Communist China or the European Soviet bloc, the United States and its major allies should operate under the same system of controls; except that the United States may also deny or limit, as appropriate, export of:

a. Such strategic commodities as would contribute significantly to the war potential of the Communist country or Communist bloc, the U.S. unilateral control of which can reasonably be expected, because of U.S. production, supply, or technology, to be effective, in depriving such Communist country or Communist bloc of a significant contribution to the latter's war potential.

b. Other commodities, whether strategic or not, which raise such special political problems as to warrant U.S. export control in the absence of international controls.

2. Whereas the trade controls exercised by the United States and its major allies with respect to Communist China need not at the present time be the same as the trade controls exercised by the United States and its major allies with respect to the European Soviet bloc, the United States and its major allies should move toward a common level of controls on trade with *all* countries of the Soviet bloc which would take into account the differing needs of the USSR and Communist China in further developing the war potential of each.

3. The United States and its major allies should continue to embargo the export to all countries of the Soviet bloc of munitions, scarce metals, heavy fabricating machinery, items representing technological advances, and other items which contribute significantly to the war potential of the country to which exported.

II. Department of Commerce draft proposal for revision of par. 8–c of NSC 5429/3.

1. At a time determined by the Secretary of State, with due regard to the issues then pending between Communist China and the free world (such as the unlawful detention of American military personnel), seek agreement with other free world countries to the principle that trade controls (export, import and financial) should be generally uniform for the entire Soviet dominated bloc both in Europe and Asia.

2. In accordance with this principle develop a control program which would include:

a. A common export control list of commodities, services and technical data—less extensive and restrictive than the present CHINCOM lists but more extensive than the present COCOM lists—which would be applicable to the entire Soviet dominated bloc and which would reflect consideration of factors such as:

(1) The objective of retarding the growth of war potential, including the war mobilization base, of the entire Soviet bloc including Communist China.

(2) The relative ease of movement or transshipment of goods between the European and Asian Communist areas.

(3) The extent to which Communist China's military and economic development is dependent upon supplies and technical assistance from, and markets in, the USSR.

(4) The probability that failure of the USSR or of China to meet its current and future commitments to the other for goods or services could become a significant cause of Sino-Soviet friction.

b. An agreement from our allies that in trade with the Soviet dominated Bloc in nonembargoed commodities there should be no extension of long term credits by the free world to the Soviet dominated Bloc.

c. An agreement that, prior to making effective any modification of free world trade controls towards China, the U.S. and other governments would explore the possibility of obtaining in return some concessions from Communist China on issues then pending between Communist China and the free world.

3. In order to achieve this program the United States should:

a. Undertake a major diplomatic effort and in that diplomatic effort use such leverage and bargaining power as is available in U.S. economic assistance programs, offshore procurement, adjustments in the Buy American Act, etc.

b. Make clear to our allies, that U.S. concurrence in an adjustment of trade controls towards Communist China is conditioned upon their acceptance of the general approach set forth in paragraphs 1 and 2 above.

4. Upon the adoption of this program, the United States embargo on imports and exports to Communist China should be lifted and controls should be adjusted in accordance with the principle that in trading with Communist China or the European Soviet bloc, the United States and its major allies should operate under the same system of controls; except that the United States may also deny or limit, as appropriate, export of:

a. Such strategic commodities as would contribute significantly to the war potential of the Communist country or Communist bloc, the U.S. unilateral control of which can reasonably be expected, because of U.S. production, supply, or technology, to be effective in depriving such Communist country or Communist bloc of a significant contribution to the latter's war potential.

b. Other commodities, whether strategic or not, which raise such special political problems as to warrant U.S. export control in the absence of international controls.

III. Related Intelligence Estimates.

A. NIE 100–5–54, "Consequences of Various Possible Courses of Action with Respect to Non-Communist Controls over Trade with Communist China", in process. [2] This report will include the Intelligence Estimate called for by NSC Action No. 1283–b, 228th NSC Meeting, December 9, 1954:

"b. Noted the President's desire that a Special National Intelligence Estimate be prepared, as a matter of urgency, analyzing the net effect on Japan and on North China and Manchuria of an increased flow of consumer goods from Japan to Communist China in return for products from Communist China required by the Japanese economy."

B. SNIE 100–6–54, "World Reactions to Certain Possible U.S. Courses of Actions Against Communist China", November 28, 1954. [3]

C. NIE 13–54, "Communist China's Power Potential Through 1957," June 3, 1954. [4]

D. NIE 10–7–54, "Communist Courses of Action in Asia Through 1957," November 23, 1954. [5]

IV. MDAC [EDAC?] Comment on Intelligence Support.

Any attempt to apply COCOM controls to additional commodities will require extensive intelligence support. This support is prepared on an *ad hoc* basis, and is far more detailed than the material included in the national intelligence estimates. Specifically, in each case where we try to get back on the COCOM lists a commodity which has been dropped, the intelligence community will have to take the argument used earlier this year and attempt to strengthen our basis for negotiation.

V. FOA draft proposal for revision of par. 8–c of NSC 5429/3.

1. At a time determined by the Secretary of State, if feasible after a study is completed, begin consultations, particularly with the UK and France, looking toward agreement with the other cooperating industrialized countries of the free world on the extent, nature, and method of controls on trade with Communist China.

2. The United States objective in these negotiations is:

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[2] NIE–100–55, "Controls on Trade with Communist China," dated Jan. 11, 1955.
[3] Document 411.
[4] Document 209.
[5] Document 404.

a. To establish a similar level of controls vis-à-vis the entire Communist dominated bloc including Communist China, the Soviet Union, and Eastern European satellites, with only such variations as may reflect peculiar circumstances in individual countries which could not easily be met by transshipment within the Communist area.

b. To bring United States levels of controls to the same level as the controls maintained by other cooperating free world countries with only such variations of greater U.S. controls in those cases where U.S. sources alone can be effective in denying strategic matériel or technology to the Communist area.

3. In the negotiations for the adjusted level of controls on trade with Communist China, seek at the same time to obtain agreement with other free world countries to increase the control on the Soviet Union and European Communist bloc on those items for which further intelligence information or further review indicate a net advantage in free world denial, particularly where such denial might achieve a divisive effect between Communist China and the Soviet Union.

4. Place particularly high priority on the maintenance of controls on those items which affect the mass production of modern arms and weapons, such as aircraft, guided missiles, nuclear weapons and on communication and radar devices for conducting and countering atomic warfare at long range.

VI. Views of the Joint Chiefs of Staff. (Memo for NSC from Executive Secretary, "Current U.S. Policy Toward the Far East", November 29, 1954). [6]

From a strictly military point of view, a trade control program which would impose maximum restrictions on trade with the Soviet Bloc and particularly with Communist China, would be most desirable. The Joint Chiefs of Staff recognize that the feasibility of certain courses of action designed to impose such maximum restrictions is uncertain in view of existing free world trade agreements and other economic and political considerations. However, more positive measures are necessary in the implementation of basic national security policy, because the timely achievement of the broad objective of such policy cannot be brought about if the U.S. is required to defer to the counsel of the most cautious among our Allies or if it is unwilling to undertake certain risks inherent in the adoption of dynamic and positive security measures.

[6] See footnote 4, Document 419.

No. 437

611.95A241/12-1154: Telegram

The United States Representative at the United Nations (Lodge) to the Department of State

SECRET NEW YORK, December 11, 1954—noon.

Delga 373. Re US fliers held by Red China. Wednesday [1] noon SYG Hammarskjold called to inform me that he planned send cable to Chou En-lai immediately after resolution on fliers was passed, asking him when it would be convenient after Dec 26 for SYG to call on him in Peking.

Yesterday SYG brought up this subject again, saying he thought it might be desirable obtain Nehru's views on SYG's proposed trip Peking. I indicated strong view that there was no need consult Nehru who would probably advise against such trip.

SYG then suggested it might be advisable for him be accompanied on his trip by Dayal, former Permanent Representative of India at UN and presently ambassador in Belgrade. I said this was question SYG would have to decide for himself. Important thing remained that he make the trip.

SYG met again with me and Nutting (UK) subsequent to adoption of resolution to inform us he plans, in addition to cabling idea expressed above, to send separate message to Chou suggesting that ChiCom Ambassador Stockholm would be good confidential contact if such is desirable. [2] SYG intends be in Stockholm December 19 and 20 and could see ChiCom ambassador then.

I told Hammarskjold I felt it was important when he saw Chou that he carry as much prestige as possible and to this end he should not "water down" his approach by too many advance contacts. However, if he felt that Chou would be put less on spot by additional confidential contact, there should be no objection to that.

SYG later informed me he had told Malik [3] (USSR) of "action taken" i.e., dispatch of cable to Chou. SYG told me he had done this in attempt ward off attacks on office of SYG and in hope it

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[1] Dec. 8.

[2] The text of Hammarskjold's Dec. 10 cable to Chou proposing that he visit Peking soon after Dec. 26 is printed in *Public Papers of the Secretaries-General of the United Nations*, vol. II: *Dag Hammarskjöld, 1953–1956*, selected and edited with commentary by Andrew W. Cordier and Wilder Foote (New York, Columbia University Press, 1972), p. 422. The second cable, if sent, was not made public.

[3] Yakov A. Malik, Soviet Representative at the Ninth Session of the General Assembly.

might facilitate matters in Peking. Malik, according to SYG, "in his shrewd way, conveyed an impression of approval."

LODGE

No. 438

Eisenhower Library, Dulles papers, "Wang-Johnson Talks"

The United States Representative at the United Nations (Lodge) to the President [1]

CONFIDENTIAL
PERSONAL PRIVATE

NEW YORK, December 11, 1954.

DEAR GENERAL: Herewith some confidential observations concerning the passage of our resolution in the United Nations in behalf of our prisoners:

1. After your statement to me Wednesday night, December 1, [2] I saw the Secretary-General and told him how strongly you felt that this was a great responsibility of his. I believe that this word from you had a very powerful effect in convincing him that he should go to Peking in person.

2. The British have a new political leader in Minister of State Anthony Nutting who is the best thing that I have seen in the political field for a very long time. He has a quick, thorough mind; real courage; ability to meet an issue; and is a gifted speaker and debater. For the first time there is someone here from a major power who helps actively in rebuttal. Until he came along I always had to rely on certain Latin Americans and the Turks and, no matter how able they might be individually, this would not carry the same weight as an active rebuttal from the United Kingdom. I believe he is a sincere friend of the United States and it is wonderful to think that he is only 34 years old and has so many years ahead of him. Foster Dulles has expressed our appreciation to Anthony Eden. [3] If you could invite him down to lunch and give him a little of your time it would be a fine thing for the USA because I feel sure he will be Prime Minister some day.

3. The vote was as I told Foster that it would be. The only negatives [4] were the five Soviets. The abstentions consisted of Afghani-

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[1] The source text, a copy of the letter to Eisenhower, was sent to Dulles with a covering letter of Dec. 11 from Lodge.

[2] Not further identified.

[3] A message from Dulles to Eden, sent in telegram 3054 to London, Dec. 7, expressed appreciation for the support the British had given the United States on this issue. (611.95A241/12–754)

[4] The five negative votes were cast by Byelorussia, Czechoslovakia, Poland, the Ukraine, and the Soviet Union.

stan, India, Burma and Indonesia whose complexes are well known to you and the other abstentions [5] were those Arabs who still look at everything in terms of their relations with Israel.

4. I recommend that officials of the US Government should try to talk as little as possible about the prisoner issue so as to give Hammarskjold a quiet period in which to try to work this out. He is a skillful diplomat who now has a position of unique prestige and symbolizes the will for peace of the entire world. He is going about his task in a very businesslike way. It would be a fine thing if he was given a real opportunity to work it out without a multiplicity of press interviews and comments from American officials which would make his job of achieving the release of our men that much more difficult.

With warm and respectful regard.

Faithfully yours,

HENRY CABOT LODGE, JR.

[5] The other three countries abstaining were Syria, Yemen, and Yugoslavia.

No. 439

794A.5 MSP/12-1354

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy) [1]

TOP SECRET [WASHINGTON,] December 13, 1954.

Subject: Ratification of Mutual Defense Treaty

Participants: Dr. George Yeh, Chinese Foreign Minister
Dr. Wellington Koo, Chinese Ambassador
Dr. Tan, Minister, Chinese Embassy
Mr. Robertson, Assistant Secretary for Far Eastern Affairs
Mr. McConaughy, Director, Office of Chinese Affairs

Foreign Minister Yeh asked when the President planned to send the Mutual Defense Treaty to the Senate.

Mr. Robertson thought it would be sent to the Senate as soon as the new Congress convened, the first week in January.

Dr. Yeh said that the Chinese Government would like to submit the Treaty to the Legislative Yuan at about the same time. However, the Legislative Yuan would adjourn at the end of December and

[1] The source text bears Robertson's initials, indicating his approval, with one minor revision in his handwriting.

would not reconvene until February. Dr. Yeh expressed the hope that the exchange of notes of December 10 would not be submitted for ratification.

Mr. Robertson said that the Department did not intend to recommend formal ratification of the notes but the notes have to be transmitted to the Senate with the Treaty for its information, and the chances were that the notes would be publicized in the course of the hearings before the Senate Foreign Relations Committee. There was nothing harmful to the interests of the Chinese Government in the language of the notes. On the contrary, he believed that publicity for the notes would actually strengthen the position of the Chinese Government, because it associated the two governments more closely than ever before in the joint enterprise of defending the treaty area. The Communists certainly would like nothing about the exchange of notes. The exchange would undoubtedly be construed generally as advantageous to the Chinese Government. The exchange of notes was a constructive step and knowledge of this step would improve the position of the Chinese Government.

Foreign Minister Yeh said that the Chinese Government could file the treaty with the Legislative Yuan while it was not in session. Hence the filing might be done in January with a view to immediate consideration by the Legislative Yuan in early February. Alternatively the Generalissimo might want to consider calling a special session of the Legislative Yuan in January.

Ambassador Koo asked if there would be a public hearing on the treaty.

Mr. Robertson said this, of course, was inevitable under customary procedures.

Dr. Yeh asked if the treaty would be submitted to the Senate after the Manila Pact.

Mr. Robertson said the Manila Pact had already been submitted and hearings had been held, although no vote had been taken.

Mr. Robertson said the well-nigh universal approval of the treaty negotiation in all U.S. quarters was very gratifying. The administration was pleased at the non-partisan acceptance of the treaty. Republicans and Democrats to whom we had talked were equally in support of it.

Dr. Yeh asked if there would be any embarrassment to the U.S. Government if the Legislative Yuan were called into special session and approved the treaty before the U.S. Senate did so?

Mr. Robertson said there would be no embarrassment at all.

Dr. Yeh said he thought that as a precaution he should advise the Assistant Secretary that there would probably be some degree

of opposition to the treaty in the Legislative Yuan:—by some KMT members, as well as by the two small minority parties.

Mr. Robertson asked what would be the basis of this opposition?

Dr. Yeh said that it would be based on the apparent restriction on Chinese Government freedom of action as to the Mainland. Without going into the question of the Chinese Government's capabilities for independent military action, the critics would say that the treaty unnecessarily ties the hands of the Chinese Government. Dr. Yeh did not think the opposition would be serious or that it would do any real harm, but he felt that he should serve notice in advance that this limited degree of opposition was to be expected.

Mr. Robertson said that there was no reason for such opposition to influence our action. He felt that both governments should feel free to go ahead and "let the chips lie where they fall." He thought there might be some slight opposition to the treaty in this country, but none had been manifested so far.

Yeh asked if ratification was expected before February?

Mr. Robertson said it was hard to prognosticate. The Administration expected to ask for early action. Quick ratification is undoubtedly desirable, for both this treaty and the Paris Agreements. Senator George would be the new Chairman of the Senate Foreign Relations Committee and was definitely favorable to the treaty. He had expressed strong approval of the treaty negotiations when he was consulted by Mr. Robertson in Georgia last October.

Dr. Yeh remarked that his Government would have to send the exchange of notes to the Legislative Yuan also. Since the U.S. Government was transmitting the notes, there would be awkward questions if the Chinese Government did not voluntarily reveal the text of the notes at the same time.

Mr. Robertson thought that both Governments would be well advised to be quite frank about the notes when the time came. By voluntarily disclosing the notes, we would prevent suspicions from arising, and forestall criticism. The notes would be an asset rather than a liability if handled in an open matter-of-fact manner.

No. 440

793.5 MSP/12-1354

Memorandum of Conversation, by the Director of the Office of Chinese Affairs (McConaughy) [1]

SECRET [WASHINGTON,] December 13, 1954.

Subject: "Hsieh Plan"

Participants: Dr. George Yeh, Chinese Foreign Minister
Dr. Wellington Koo, Chinese Ambassador
Dr. Tan, Minister, Chinese Embassy
Mr. Robertson, Assistant Secretary for Far Eastern Affairs
Mr. McConaughy, Director—CA

Dr. Yeh asked if Mr. Robertson had seen the recent Chinese note [2] regarding the Hsieh Plan and the request for additional naval vessels?

Mr. Robertson said he had seen the note, which had just been acknowledged. The requests had been transmitted to the Department of Defense and to FOA, which had primary responsibility in those fields, and they were receiving careful study.

Dr. Yeh said that his Government wished to obtain U.S. assurances of logistic support for the defense of the off-shore islands. He had instructions from the Generalissimo to seek an understanding on this point. The Chinese Government felt that a request for a firm understanding as to logistic support for forces defending the off-shore islands was reasonable, since it was directly related to the defense of Formosa and the Pescadores.

Mr. Robertson said that this question was getting into the military sphere, where he tried to avoid encroachment.

Dr. Yeh said that the Chinese Armed Forces were already getting logistic support for defense of the off-shore islands.

Mr. Robertson said he was aware of this. Hence he wondered why the Foreign Minister wished to raise the question. If the present arrangement was satisfactory, he felt it was psychologically a mistake to raise a question about it.

Dr. Yeh said the Generalissimo would like a more explicit understanding. He would like an agreement in principle that such logistic support as was required would be forthcoming.

Mr. Robertson said he felt that the support of troops on the off-shore islands was an integral part of the overall program. There

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[1] Initialed by Robertson, indicating his approval.

[2] See footnote 1, Document 395.

was no technical differentiation between support of the forces on the off-shore islands and support of the forces on Formosa.

Foreign Minister Yeh said that legally there was some question in this respect. The MAAG Agreement of 1951 [3] contained the rather peculiar phrase "for the legitimate defense of Formosa and the Pescadores". Neither Amb. Rankin nor the Chinese Foreign Office knew exactly what "legitimate" was supposed to mean in this context, nor had anyone been able to explain it satisfactorily. He assumed it was a mere euphemism inserted because it made the sentence sound better. However it had caused some difficulty with MAAG. MAAG officers in the past held up some shipments of military equipment and supplies to the off-shore islands on the grounds that "the Agreement did not allow it". The difficulty had been at least partially resolved after talks with Admiral Radford and Amb. Rankin. MAAG was now more sympathetic and was inclined to relax the restrictions. But the matter was arguable under the MDAP language.

Mr. Robertson said he would transmit the request for a clearer understanding as to logistic support of forces on the off-shore islands to Defense, if the Foreign Minister asked it. But personally he questioned the advisability of doing it. There is a mutuality of interest following signature of the treaty which should insure satisfactory resolution of questions such as this without resort to formal written agreements.

Amb. Koo said that the Chinese Embassy would probably send Mr. Robertson a letter suggesting that the matter be taken up locally with the Pentagon.

Mr. Robertson said he doubted the wisdom of raising up straw men to be knocked down. We have just concluded a very successful Treaty negotiation. The Communist reaction to the Treaty has been vitriolic. This is good evidence that the Treaty is serving an effective purpose. It is not wise to create hypothetical problems which in practice do not exist.

Dr. Yeh asked if he could be assured that the "Hsieh Plan" would be carefully considered?

Mr. Robertson replied that it would.

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[3] Reference is to the Mutual Defense Assistance Agreement effected by an exchange of notes at Taipei on Jan. 30 and Feb. 9, 1951; for the text, see 2 UST (pt. 2) 1499; TIAS 2293.

No. 441

793.5/12-1354

Memorandum by the Deputy Assistant Secretary of State for International Organization Affairs (Wainhouse) and the Director of the Office of Chinese Affairs (McConaughy) to the Secretary of State [1]

TOP SECRET [WASHINGTON,] December 13, 1954.

Subject: Report of Tripartite Working Group on Operation Oracle [2]

Attached is the agreed "working paper" of the Tripartite Working Group set up to recommend timing and procedures for Operation Oracle. The Working Group was not instructed to consider the advisability of proceeding with Operation Oracle, and no recommendation to proceed is implied in the report. The paper is designed solely to cover the contingency of a decision to undertake the operation.

The working paper in view of the publication of the Defense Treaty with the Government of the Republic of China provides for a revised "Agreed Minute" [3] which would remove some of the tight restrictions of the earlier "Agreed Minute" on discussion of China issues in the course of debate on the New Zealand Resolution in the Security Council. The publication of the Treaty probably makes more likely a heated Communist reaction in the Security Council. It was considered that it would be both difficult and inadvisable to fail to meet false charges and misrepresentations in the course of the debate.

The draft Resolution is amended to mention the "area of the Tachens" as well as the "area of Quemoy".

It was recognized that it would be undesirable to proceed with the operation during any period when Secretary General Hammarskjold might be negotiating in Peiping. India and Pakistan would

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[1] A handwritten notation by O'Connor on the source text states that it was noted by the Secretary.

[2] The attached paper, headed "Possible Action by the United Nations Security Council in Respect of the Situation of the Chinese Off-shore Islands (Working Paper prepared in Washington by officials of the Governments of New Zealand, the United Kingdom and the United States)" and dated Dec. 11, is not printed.

[3] The revised draft, incorporated in the working paper, stated that the three Governments would, unless they agreed otherwise, make every effort to prevent any amendment of substance to the draft resolution and, during the UN discussion of it, to prevent enlargment of the discussion to include the questions of Chinese representation in the United Nations and the respective claims of the Republic of China and the People's Republic of China to domestic sovereignty and international status; they would be at liberty, however, to make it clear that if the hostilities in the offshore islands could be terminated, it would increase the possibility of peaceful adjustment of the other problems of the area.

be notified by the UK before the operation begins, and it was agreed that it seemed desirable to notify the Soviets and perhaps the Chinese Communists, shortly before the first public steps are taken. The various notifications in New York should take place on the same day and should be followed by the filing of the letter to the President of the Security Council and simultaneous press statements issued in New York, London, Washington, and Wellington, later on that day. Advance agreement among the three Governments as to the content of their press statements is recommended.

It was agreed that the three Governments' UN Delegations in New York should have a voice in determining both the technique of inviting a Chinese Communist representative to New York, and the timing of the introduction of the Resolution.

Certain contingencies are pointed out which are believed to deserve attention from a policy standpoint before a final decision is made on the launching and timing of the operation. These include: 1) Refusal of the Chinese Communists to come before the UN; 2) Possible adverse effect on the issue of the 11 imprisoned U.S. airmen; 3) A Communist attack on the off-shore islands while the item is before the Security Council; and 4) Failure of Operation Oracle and a Chinese Communist attack thereafter on the off-shore islands. It was agreed that in the last named event there would be substantial pressure for General Assembly action under the "Uniting for Peace" Resolution. [4]

[4] UN Resolution 377 (V), adopted by the General Assembly on Nov. 3, 1950.

No. 442

794A.5 MSP/11-254

Memorandum by the Director of the Office of Chinese Affairs (McConaughy) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

SECRET [WASHINGTON,] December 13, 1954.

Subject: Remarks on Embassy Taipei Despatch No. 218, November 2, 1954—"MAAG Activity Report for Month of September, 1954" [1]

The most recent regular monthly "MAAG Activity Report" received in CA, for September 1954 (as attached), [2] has a number of

[1] Despatch 218 enclosed copies of the MAAG Activity Report for September. (794A.5 MSP/11-254)

[2] Not attached to the source text.

items of interest which are passed on herewith for your information and upon which we offer a few comments.

1. The Report (in September) stated that MAAG had proposed that the elimination of ineffectives from the Nationalist armed forces be given top priority, that FOA had approved a pilot project in this field, but that there was little likelihood of real progress soon. The Government of the Republic of China (GRC) had named a committee to study the matter further.

CA Comment

Since this report was written, contrary to the above prediction, considerable progress has been made in preparing for the elimination of ineffectives. Recent telegrams from Taipei, amplified by personal consultation with Mr. Brent, Chief of the FOA mission in Formosa, disclose that firm plans have already been laid to remove about 73,000 ineffectives from the GRC armed forces, of which 16,300 will be removed by April 1955, and to replace them with young able-bodied Formosan recruits. Plans call for the cost of this program (including the mustering out and provision of jobs for the ineffectives as well as the equipping of new recruits) to be defrayed during FY 1955 with a portion of the $100 million fund earmarked for China aid by the Senate Appropriations Committee headed by Senator Bridges. It is estimated that this program will require U.S. aid for a total of four years, of which the first two years will be the most costly.

The elimination of ineffectives and their replacement with Formosan recruits is obviously significant as a means of removing dead wood from the GRC forces and of coming to grips with the problem of over-aging, and it will mark the first large-scale induction of Formosans into the regular armed forces. No insurmountable difficulties seem to be anticipated.

2. Looking back on developments following the commencement of the Chinese Communist artillery offensive against the Chinmens (Quemoy) on September 3, the Report states that "MAAG Formosa became heavily involved in an 'operational advisory' capacity to the GRC forces. In addition, activities of the Formosa Liaison Center (Task Force 74) greatly increased. The Formosa Liaison Center functions with the same personnel and facilities as are allocated MAAG Formosa and has been established by CINCPAC in order to coordinate operations of GRC forces and U.S. forces in the area charged with the defense of Formosa and the Pescadores."

CA Comment

This confirms what we suspected at the time, that the dividing line between advice and operational participation becomes thinner and probably exceedingly difficult to maintain in time of actual

hostilities. Also of interest is the above description of the Formosa Liaison Center (TF 74), which confirms our understanding that General Chase wears two brass hats: one as Chief of MAAG, the other as Commander of Task Force 74.

3. In another section, the Report states that "One hundred and seventy-seven students commenced the initial four-week Political Officers Staff Orientation Course. Purpose of the course is to familiarize political officers with U.S. staff procedures and tactical doctrine."

CA Comment

This apparently marks the inauguration of a new course for (Chiang Ching-kuo's) political officers, the idea being to teach them something about military affairs so that they will be less inclined to cause their indoctrination and surveillance activities to interfere with military activities. We understand that the course was planned earlier this year by the MAAG advisor to the Political Department. The course represents an outgrowth of the MAAG decision to change from its former policy of opposing the Political Department to one of trying to work with the Political Department and in the process bend it to the MAAG will.

4. The Report contains the usual number of encouraging and discouraging evaluations of the MAAG training program. Here are representative samples of each:

a. The Air Section of MAAG predicts the imminent shutdown of cadet flying on November 1 because of the small number of planes in commission. It comments that this results from "a deliberate effort on our part to force the Chinese units into doing their own work. We believe that if they were ever to become self-sufficient, the (cadet) program should show it. We have had doubts on this all along, and since the cadet program could be allowed to fall on its face, ran this experiment. It has proven conclusively that the Chinese logistics system cannot be set free of U.S. supervision for a long time to come."

b. Elsewhere, however, in evaluating Chinese Air Force operations in the Chinmen area, the Air Section of MAAG states that "the aggressiveness of the combat pilots was admirable. Ground crews improved the turn around time required for combat loading of aircraft. The entire operation became better day by day, and the experience gained will be invaluable in our next major effort."

Note

The Report from which the above excerpts are taken is written by MAAG. Embassy Taipei merely transmits the Report under cover of a Despatch.

No. 443

611.95A241/12-1354: Telegram

The Chargé in India (Weil) to the Department of State [1]

SECRET NEW DELHI, December 13, 1954—9 p.m.

792. Repeated information Ottawa 3, London 97. Department pass USUN New York unnumbered. From Weil. Canadian High Commissioner Reid today handed me a copy of his secret telegram to Ottawa reporting conversation with Secretary General Pillai December 12 in which Pillai gave Reid "statement of Chou En-lai's views as expressed to Indian Ambassador" in Peiping. These views had been mentioned to Reid by R.K. Nehru on December 10 but were described in greater detail by Pillai.

Following are highlights of Chou En-lai's views reported in Reid's telegram of December 12 which Reid assumes is being passed on to Embassy Ottawa and Department:

a. Chou considered charges against China "unfair"; referred to United States' action of "shipping 10,000 Chinese volunteers to Formosa" and to United States defense pact "with Formosa" and said recent British attitude "most unsatisfactory".

b. Question of "repatriation of Chinese nationals in United States" had been turned over to Consul General in Geneva for further discussion. List of United States nationals in China provided by United States [2] had referred to 11 airmen as "United States nationals in China not as prisoners of war". Chinese "had not yet been given any credit" for letting off "three journalists and others".

c. Chou alleged there was "strong case" against convicted "spies", based "not only on independently ascertained facts but on confessions".

d. Chinese had followed "lenient policy" and if convicted airmen's behavior "remained good, their cases would be reviewed" but China would not be "intimidated".

e. Of the "26 Chinese in United States who had applied to return to China" four had been given permission, but none allowed to leave.

f. If debate on Korea were to take place Chinese would raise question of "10,000 Chinese POWs illegally held in Formosa". "Great indignation" prevailed in China over "these POWs as well as over Formosa".

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[1] Counselor of Embassy Thomas E. Weil was in charge of the Embassy in the absence of Minister Donald D. Kennedy. Ambassador Allen, whose name erroneously appears on the source text as the sender of the telegram, had left New Delhi Nov. 30.

[2] Reference is to a list given to Wang Ping-nan by U. Alexis Johnson in Geneva on June 10; see Secto 415 from Geneva, Document 212.

g. "If better relations prevailed between China and United States, Chinese method of deciding cases of 11 airmen would have been different".

Reid said that in course of conversation with Foreign Secretary R.K. Nehru about December 3, Nehru had voluntarily given him gist of Chinese Communist reply to Indian Ambassador's request for information presumably stimulated by Ambassador Allen's earlier approach to MEA. Reid said on December 6 he received instructions to convey to Prime Minister Nehru Saint Laurent's [3] and Pearson's [4] views that intensity of feeling in United States was serious and that while they did not know what Nehru might be able to do, they wanted him to know their views. When Reid conveyed this to Prime Minister evening December 6, Nehru said he had already received report from Krishna Menon on same subject which he had communicated to Indian Ambassador Peiping, and he would also convey Pearson's and St. Laurent's views to Indian Ambassador. Reid said that on December 10 he received from R.K. Nehru a preliminary report on Chou En-lai's views as expressed to Indian Ambassador Peiping, which were described more fully by Secretary General Pillai on December 12 and reported in telegram summarized above.

I left with Reid a copy of the story on airmen received here in SAC 594 of December 10 (news file) [5] which he said he was glad to have particularly because he had not previously known that case of airmen had been specifically brought to attention of Chinese Communists as early as September 1953.

Three out of four editorials appearing in four Delhi English-language dailies December 11–13 praise United States' restraint, criticize Red Chinese bellicosity, and express view espionage charges unjustified (Embpresstel December 13).[5]

WEIL

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[3] Canadian Prime Minister Louis S. Saint Laurent.

[4] Canadian Foreign Minister Lester B. Pearson.

[5] Not printed.

No. 444

611.95A241/12-1454

Memorandum of Conversation, by the Officer in Charge of Chinese Political Affairs (Jenkins)

SECRET [WASHINGTON,] December 14, 1954.

Subject: Canadian Approaches to Indians Concerning U.S. Airmen Sentenced in Communist China

Participants: Mr. A.D.P. Heeney, Canadian Ambassador
Mr. James J. McCardle, Second Secretary, Canadian Embassy
Mr. Robert Murphy, The Deputy Under Secretary
Mr. Alfred leS. Jenkins, CA

Ambassador Heeney called at his request to discuss the problem of the 11 U.S. Air Force personnel sentenced in Communist China on charges of "espionage". He said that his Government was anxious to be as helpful as possible in this matter, and that to this end the Canadian High Commissioner in New Delhi, Mr. Escott Reid, on December 10 had talked with the Indian Foreign Secretary. He said that the Indian Foreign Office seemed to be ill-informed of the true facts in the case. Mr. Reid had attempted to set the Indian Foreign Secretary straight on a number of points, but since it was Ottawa's intention not to let the matter rest there, the Ambassador wanted to make sure that there was nothing of significant relevancy to the case which the Canadians did not know about.

The Ambassador said that the Indian Foreign Office appeared to accept rather fully the reasoning of the Chinese Communists as transmitted by the Indian Ambassador in Peiping. He mentioned the Chinese (and apparently Indian) misconceptions under the following headings, during the discussion of which Mr. Murphy offered a full briefing of the facts as we know them:

1. *Discussions at Geneva.* According to the Indian Foreign Secretary, the Chinese reason that since we had not included the names of these airmen in POW lists given to the Military Armistice Commission but had included them on the lists handed to the Chinese Communists at the informal talks at Geneva, this constituted a tacit admission that these men were not POW's.

The Ambassador was assured that the names of these airmen had been included in the lists of POW's missing or known to be in Communist hands which were presented to the Military Armistice Commission. Their POW status was not reiterated at Geneva because this status was naturally assumed, and because we wished at Geneva to avoid interference with efforts properly being made

through the Military Armistice Commission. The approach at Geneva was made primarily on behalf of the Civilians detained in Communist China, on a humanitarian basis, and the list of military personnel was appended to the civilian list because these men were known to be held in Communist China. Mr. Murphy pointed out that furthermore it was incumbent upon the Chinese Communists to notify the Military Armistice Commission of all UN personnel held by them, and that even if these men had not been mentioned both at Panmunjom and at Geneva, the Chinese should have notified the Commission that they were holding them as POW's.

2. *Espionage Charges.* The Indian Foreign Secretary states that the Chinese Communists claim their representative at Geneva made it clear that it was the intention of the Chinese Communists to try these men for espionage, and that the United States representative had not objected in principle.

The Ambassador was told that to our knowledge no mention at all was made at Geneva about possible espionage charges. No verbatim record of the meetings was made, in the attempt to keep the contact with the Red regime as informal as possible, and to avoid participating in "agreed minutes" which the Communists desired. Mr. Jenkins stated categorically that no mention of possible espionage charges was made during the phase of the talks which he conducted for our side. Mr. Murphy pointed out that had such mention been made during the phase conducted by Ambassador Johnson the latter would have reacted vigorously and certainly would have reported it to the Department telegraphically. The Chinese Communists had merely promised that the cases of all Americans detained in China would be reviewed, and, in the light of the talks going on, there was the possibility of commutation of sentences or early release for good behavior, and subject to Chinese laws. This statement was made in the context of discussing the civilians detained in prison.

3. *Case linked with that of Chinese Students in U.S.* The Indians say that the Chinese Communists consider the problem of Americans imprisoned or otherwise detained in Communist China as directly linked with that of Chinese students in the United States.

The Ambassador was told that we consider that these problems are not directly linked, and particularly that there is no comparison in the circumstances of the two groups or in the legal or humanitarian considerations involved. We do not wish to be put in the position of bartering in human lives. At the same time we are aware that some face-saving device may be needed by the Communists. Mr. Murphy expressed the conviction, with which the Ambassador agreed, that the Chinese Communists had been surprised and disturbed by the magnitude of the chain reaction which their inex-

cusable act had set off. The Ambassador said that the Canadians had tried to impress upon the Indians the depth of feeling on the subject which was evinced in American public opinion. Mr. Murphy said that it was doubtless difficult for the Communists to realize the high value which we place on individual human lives.

At the Ambassador's request, Mr. Jenkins reviewed the post V–J Day history and present status of Chinese students in the United States, emphasizing how few of the students actually wanted to go to Communist China. It was pointed out that of some 6,300 students arriving in the United States since V–J Day on student visas or on other visas for purposes of study, about 800 had left the United States between V–J Day and the Korean War, that since the outbreak of the Korean War only 434 students had applied to leave the country, and that only 124 of these had been prevented from doing so, in accordance with U.S. laws applicable in the President's discretion during times of national emergency. Of these 124, 62 subsequently indicated that they no longer wished to leave the U.S. Of the remaining 62 who wished to depart, 27 have been told they were free to do so and 11 have actually departed. This leaves 35 still wishing to depart, whose cases are still under review.

4. *Chinese claim plane downed over China.* The Indian Foreign Secretary further said that the Chinese claimed that the B–29 which carried the 11 men had violated Chinese territory, and had been downed in China.

The Ambassador was told that all information available to us led to the conclusion that the plane was downed in North Korea, but that it was true we could not document this with complete certainty. The radar evidence was mentioned, and the Ambassador was told on a confidential basis that the relatives of one of the airmen had received a letter from the latter in very simple code which spelled out that the airmen were brought down in Korea and later taken to Communist China by train. While the family is known to have spoken of this letter in public, we prefer that the information be held confidential for the time being, for fear of possible harm to the writer in the event his very simply coded message becomes known to the Communists—assuming that they do not already know of it. Mr. Murphy made it clear, however, that even if the plane had been downed on Chinese soil the point of fighter attack on it was over Korea, and the locale of its landing could constitute no evidence of espionage. In any event, the status of the men as POW's who should have been returned long ago is not altered.

5. *Terms of sentence viewed as "lenient".* The Indian Foreign Secretary, according to the Ambassador's report, said that the terms under the circumstances were "lenient", and would seem to indicate that the Chinese themselves considered that their grounds for

a charge of "espionage" were shaky. When he appeared to believe that the terms were for only one year, Mr. Reid reportedly pointed out that the sentences involved from four to ten years of imprisonment.

. . . . . .

The Ambassador inquired as to the exact mission of the plane at the time it was shot down. He was told that to the best of our knowledge its sole mission on that flight was leaflet dropping in support of UN actions—a normal part of modern warfare. Mr. Murphy commented that it was unfortunate that Colonel John Knox Arnold, Jr. was on that flight—that he should not have been, in his opinion. Some of the personnel on the plane did appear to have some specialized training beyond the leaflet-dropping category, but this mission was for the latter purpose. In any event, uniformed men carrying out their assignments in war time were not subject to charges of espionage.

The Ambassador asked whether there was any truth to reports that 15 Americans on espionage missions had been captured in Manchuria. Mr. Murphy said that he had not heard of any such figure, and that in any case the utility of dropping Caucasian agents into Manchuria would on the face of it be open to question, to say the least.

The Ambassador observed that the Chinese Communists had attempted to depict the B–29 as a "special type" of plane. He was told that to the best of our knowledge there was nothing special about the type of plane, but that conceivably it could have had some special equipment on it which was not pertinent to this mission.

In closing, the Ambassador thanked Mr. Murphy for the full and frank discussion, saying that it would be very helpful to them in their supporting efforts in the case. He asked whether there was any remaining point which may be "on our conscience" in connection with the case—hastening to add that he did not mean to imply that we were being anything less than frank. Mr. Murphy assured him that we were holding from him nothing of relevancy to the case, of which he was aware.

Mr. McCardle, in a telephone conversation with Mr. Jenkins on the following day, again expressed appreciation for "the most helpful discussion with Mr. Murphy." . . .

(*Note:* Tedul 2, December 15, [1] sent out previous to Mr. McCardle's telephone conversation, was repeated to New Delhi and requested the Embassy to seek an early occasion to take action in

[1] Tedul 2 to Paris, Dec. 15, reported this conversation. (611.95A241/12-1554)

this regard in such context as to honor the confidence of the Canadians in reporting to us.)

No. 445

793.00/12-1454

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State [1]

TOP SECRET [WASHINGTON,] December 14, 1954.

Subject: Operation "Oracle"

Reference: Report of Tripartite Working Group on Operation "Oracle", dated December 13 [*11*].[2]

Under its terms of reference, the Tripartite Working Group dealt only with problems of timing and procedures, given the assumption that the three Governments would decide to launch Operation "Oracle".

Undoubtedly cogent arguments exist for launching operation "Oracle" promptly. The situation has changed since the "Oracle" operation was first formulated. The Mutual Defense Treaty with the Republic of China has been signed, and the issue of the 11 airmen has come to a head in the United Nations. However these new developments probably do not greatly affect the desirability of operation "Oracle" from our standpoint. They have made the British somewhat more skeptical of operation "Oracle" because the British do not want to proceed unless they think there is a good chance of Communist concurrence. We do not attach the same importance to Communist concurrence and therefore have less reason for dropping operation "Oracle" merely because of the increased tension. The threat of a large scale assault against one or more of the off-shore islands is as great as, or greater than ever, although it may not be imminent. Chinese Communist capabilities, especially in the air, are growing. The Communists may be emboldened by the fact that our Mutual Defense Treaty does not include the offshore islands within the treaty area. There should be some deterrent effect in the mere introduction of the New Zealand resolution in the Security Council. The moral and psychological position of the Communist bloc would be impaired by passage of the resolution, as by a Soviet veto of it. A blow would be struck at the ambi-

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[1] A handwritten notation on the source text by O'Connor indicates that it was seen by the Secretary.

[2] Not printed, but see the memorandum from Wainhouse and McConaughy to Dulles, Document 441.

tion of the Chinese Communists to obtain a seat in the UN. A moderate and cooperative stand by the Chinese Nationalists would enhance the prestige of that government and improve its UN status. If an attack on the islands should occur, our prospects of obtaining united action against the attackers would be better with this resolution than without it.

However there are also some adverse considerations which need to be weighed against the foregoing arguments before a final decision is made:

1. The inevitable discussion and dissection in the Security Council of our exchange of notes with the Chinese Government of Dec. 10. The face saving effect of the carefully drafted language of the notes would be destroyed and some of the classified aspects of the Treaty negotiations possibly revealed to the Communist side. The British would probably show too much zeal in stressing their interpretation of the notes.

2. The British almost certainly expect the question of the unresolved juridical status of Formosa to be injected into the debate. This would be embarrassing for the Chinese Government and undesirable from our standpoint. It seems possible that the British may hope to claim for themselves, and possibly for other signatories of the Peace Treaty with Japan, the right to a substantial voice in determining the ultimate disposition of Formosa. Any new shadow on the claim of the Chinese Government to sovereignty over Formosa would be prejudicial to our position in the Far East at this time.

3. The general broadening of the Security Council debate on China issues, which is now considered inevitable by the British and New Zealand representatives if "Oracle" is launched, would be unhelpful to us and not fully in keeping with the tenor of our assurances to the Chinese.

4. The possible presence of Chinese Communist representatives at the UN in the course of the debate could be made to serve Communist ends. The Chinese Communists may contemptuously spurn the invitation. But if they should decide to accept there is reason to believe that they would not repeat the mistakes they made when General Wu [3] antagonized everyone in the course of his appearance before the UN four years ago. They might exhibit something less than total defiance this time, and their very presence at the UN would tend to condition the UN to the idea of Chinese Communist participation in UN matters, even though of course they would not be there as members. Their presence there might be made an opening wedge for renewed demands for a UN seat for Communist China.

5. The British and New Zealanders undoubtedly hope to make this exercise a prelude to an indefinite freeze of the present situation, which would consolidate and sanction the hold of the Chinese Communists on the Mainland, further, the "Two Chinas" concept, and formally extinguish Chinese Nationalist ambitions to free the

[3] Gen. Wu Hsiu-chuan, leader of the special delegation from the People's Republic of China to the United Nations in November and December 1950.

Mainland, by branding any attempt by them to dislodge or harry the Chinese Communists as a breach of international peace and security, and violative of the UN Charter.

No. 446

Editorial Note

A letter of December 7 from Prime Minister Churchill to President Eisenhower and the President's reply of December 14, both of which pertain in part to China, are scheduled for publication in volume VI.

No. 447

793.00/12-1754: Telegram

The Secretary of State to the Department of State

TOP SECRET PARIS, December 17, 1954—11 a.m.

Dulte 5. Hoover, Robertson eyes only. Eden last night asked Secretary his views on "Oracle." Secretary replied our latest intelligence does not indicate that Chinese Communist attack against offshore islands is imminent. Therefore, in view heated atmosphere resulting from P. W. issue and signing of US-Chinese Nationalist treaty he believed we should delay going forward with Oracle now and adopt a policy of watchful waiting. This will enable us to proceed with Oracle when attack seemed imminent or the situation quieted, whichever comes first.

Eden said he fully agreed since he also had reservations about carrying it out now.

It was also agreed that MacArthur and Denis Allen would this morning convey above to Corner (New Zealand) who came to Paris from London to get results of Eden–Dulles meeting re Oracle.

DULLES

No. 448

Editorial Note

The *Ad Hoc* Political Committee of the United Nations General Assembly considered the Soviet complaint of aggression against the People's Republic of China (see footnote 2, Document 347) on December 9 and 10; the text of a statement by United States Repre-

sentative C.D. Jackson, made in the Committee on December 9, is printed in Department of State *Bulletin*, December 20, 1954, pages 957–962. A Soviet draft resolution, submitted on December 9, condemned acts of aggression against China allegedly being committed by armed forces under United States control and recommended that the United States take steps to end such acts and "piratical attacks" on merchant vessels in the area. (UN Document A/AC.76/L.23) On December 10, the *Ad Hoc* Political Committee rejected the operative parts of the resolution by 39 votes to 5, with 5 abstentions. (Report of the *Ad Hoc* Political Committee; UN Document A/2871) On December 17, the Soviet Union resubmitted the draft resolution to the General Assembly in plenary session; it was rejected by 44 votes to 5, with 8 abstentions.

The Soviet complaint of violation of freedom of navigation in the area of the China seas (see footnote 3, Document 317) was considered by the *Ad Hoc* Political Committee December 13–15. A Soviet draft resolution, submitted on December 13, condemned "piratical raids" on merchant vessels, allegedly carried out by naval vessels based on Taiwan and under United States control, and called upon the United States to take steps to prevent such acts in the future and to free those vessels and their crews then held in Taiwan. (UN document A/AC.76/L.24) A Syrian draft resolution, submitted on December 14, called upon all concerned parties to resolve their differences by peaceful processes and called upon United Nations members to adhere to the principle of freedom of navigation on the high seas. (UN document A/AC.76/L.25) A joint draft resolution, submitted on December 15 by Cuba, the Philippines, and the United States, provided that the General Assembly would turn the matter over to the International Law Commission. (UN document A/AC.76/L.26) On December 15, the *Ad Hoc* Political Committee decided to give priority in voting to the joint draft resolution; it was adopted by 35 votes to 5, with 5 abstentions. (Report of the *Ad Hoc* Political Committee; UN document A/2882) No vote was taken on the other two draft resolutions. On December 17, the General Assembly adopted the joint draft resolution by 39 votes to 5, with 14 abstentions, as Resolution 821(IX). The text of statements made by C.D. Jackson in the *Ad Hoc* Political Committee and in the General Assembly, along with the text of the resolution, are printed in Department of State *Bulletin*, December 27, 1954, pages 996–1003.

No. 449

611.95A241/12-1754: Telegram

The United States Representative at the United Nations (Lodge) to the Department of State

SECRET PRIORITY NEW YORK, December 17, 1954—5 p.m.

Delga 402. Re US fliers held by Red China. Immediately after close of morning's Plenary, I saw SYG at his request re Chou cable to him in reply to Hammarskjold request for interview. [1] Hammarskjold said he regarded Chou cable as "very courteous", "not contentious", and tone pleased him. He was of opinion Chou had not placed Hammarskjold in position of "appellant".

SYG added, quite confidentially, that Chou had phoned Swedish Chargé in Peking, who is SYG's nephew, to have him relay personal message stating how happy Chou was that SYG coming to Peking.

From above, SYG's reaction is that Chou thinks SYG is fair. SYG therefore quite encouraged re prospects that he may be able work something out.

SYG referred to question of who [he] is going to take with him. Interpreter, he expects, will be supplied by Swedish Embassy Peking. Security officer will accompany him from Secretariat. SYG wants take two "advisers", one from west and one from east. For former, he has asked Nutting (UK) make arrangements for some British lawyer who can be vouched for by UK Govt, but who is not presently holding official position. For someone from east, he has had turn-down from Nehru re Dayal, for stated reason (which SYG feels is not real one) that India's having abstained, it cannot now get involved. He is therefore considering two men. One is Bokhari [2] of Pakistan, newly-appointed ASYG for PubInfo, whom SYG likes very much. SYG says they think alike. However, this might appear as direct slap at Nehru. Other is Barrington [3] (Burma) but SYG feels, despite his good personal qualities, Barrington wld not be too good in view of his weak govt which SYG regards as under Peking's domination.

I told SYG that, having first gone to Nehru and been turned down, this was worthwhile bearing in mind when deciding what

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[1] The text of Chou's cable of Dec. 17, stating that he was prepared to receive Hammarskjold in Peking, is printed in *Public Papers of the Secretaries-General*, vol. II, p. 423.

[2] Ahmed S. Bokhari, newly-appointed Under Secretary for Public Information at the United Nations.

[3] James Barrington, Burmese Ambassador to the United States and Representative at the Ninth Session of the General Assembly.

steps he may wish to take. I said it was not for us to give Hammarskjold advice as to methods. We had confidence in his ability to play his hand in his own way.

Fol my conversation with SYG, Ramsbotham (UK), referring to Nutting's conversation with SYG, told Barco [4] he thought UKDel wld recommend against having a Brit lawyer accompany SYG, but might suggest idea of a Swiss lawyer. He also said Hammarskjold told Nutting Chou's message to SYG's nephew was to effect Chi-Coms welcome his coming visit and hope talk over a wide variety of subjects.

In speaking of Barrington Ramsbotham said UK favored his going as, in fact they favored using Burmese PriMin as go-between in other matters. For example, they hoped get Burmese PriMin try to get Nehru and Mohammed Ali [5] to re-open talks on Kashmir at forthcoming Djakarta conference. [6]

Message Unsigned

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[4] James W. Barco, U.S. representative on the UN Conciliation Commission for Palestine.

[5] Prime Minister of Pakistan.

[6] The Prime Ministers of the Colombo Powers, Burma, Ceylon, India, Indonesia, and Pakistan, met in Bogor, Indonesia (near Djakarta), Dec. 28–29, 1954.

No. 450

611.95A241/12-1754: Telegram

The Acting Secretary of State to the Secretary of State, at Paris [1]

SECRET WASHINGTON, December 17, 1954—7:52 p.m.

Tedul 9. Phleger and Robertson went to New York yesterday and together with Ambassador Lodge spent almost two hours with Hammarskjold and Stavropoulos, U.N. Counsel. [2] Phleger presented briefing book of two volumes which contained in detail all factual material bearing on Hammarskjold mission. Included was data on U.S. citizens in China and Chinese in U.S. Hammarskjold expressed appreciation for briefing information which he said answered all questions he had on subject. If any questions arose later he would ask. Hammarskjold asked no questions about U.S. attitude regarding returning Chinese in U.S. and this was not discussed. He did inquire however basis their detention, which was stated to be security reasons.

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[1] Drafted by Phleger.

[2] Constantin Stavropoulos, Director of the UN Legal Department.

Phleger gained impression Hammarskjold had confidence in UN case and in his mission.

HOOVER

No. 451

790B.13/12-1954: Telegram

The Ambassador in Cambodia (McClintock) to the Department of State [1]

SECRET PHNOM PENH, December 19, 1954—3 p.m.

390. Following is composite account as given me by Prime Minister of Burma and members of his party of their visit to Hanoi and Communist China. [2] Burmese have spent two days in Cambodia returning state visit of King to Burma. They flew directly from Canton to Phnom Penh with gas stop at Hanoi on December 16 and depart tomorrow for Rangoon.

When I spoke of the deep anger stirring American people over imprisonment of our flyers on trumped-up spy charges, Burmese admitted Chinese motives were suspect, but then asked in apparent sincerity why US had been stampeded by this incident into abrupt signature of defense treaty with Chiang Kai-shek. When I said there was no connection between these two matters and that defense treaties were not negotiated by US in reprisal for unlawful acts by other countries, they merely smiled knowingly.

Prime Minister said in interest of peace he had intervened with Chou En-lai in behalf of US prisoners, but did not indicate this *démarche* had had any result. He gave me copy of his speech of December 10 in Peking [3] which presumably Department has from wireless file.

Burmese were very much impressed with "tremendous" scope of Russian economic and technical assistance as seen particularly in North China. They said 2,000 Russian advisors were providing on-the-spot training in China. They reported from visit to Dairen that Russians are evacuating that port in accordance with recently signed agreement.

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[1] Also sent to Rangoon and pouched to Saigon.

[2] Burmese Prime Minister U Nu visited the People's Republic of China Dec. 1–16; the text of a communiqué issued on Dec. 12 concerning his talks with Premier Chou En-lai is printed in *Documents on International Affairs, 1954*, pp. 333–335.

[3] Telegram 463 from Rangoon, Dec. 13, summarized the speech, which declared U Nu's intention to work for understanding between the United States and the People's Republic of China. (790B.13/12-1354)

Burmese were surprised at air of prosperity in Shanghai and fact that city's population has increased to 6½ million. Although shipping was not visible in large proportions, they said rail traffic from Eastern Europe to China was growing and that they had seen through freight cars from Czechoslovakia and Poland.

President of Burmese Supreme Court, Myint Thein, said he had been received by head of Communist Chinese Supreme Court and from his own observation (he was formerly Burmese Ambassador in Peking) he was satisfied Chinese Communist courts dealt out justice evenly so far as private parties were concerned. He could not, however, vouch for degree of justice in cases where state itself was party against a private citizen or corporation.

[Here follows the remainder of the telegram concerning Prime Minister Nu's visits to Hanoi and to Cambodia.]

McCLINTOCK

No. 452

Eisenhower Library, Eisenhower papers, Whitman file, Whitman Diary

Memorandum by Colonel Andrew J. Goodpaster, Staff Secretary to President Eisenhower

[WASHINGTON,] December 20, 1954—10:30 a.m.

MEMORANDUM OF CONFERENCE WITH THE PRESIDENT

Others present:

Dr. George K. C. Yeh
Dr. Wellington Koo
Secretary Robertson
Colonel Goodpaster

After exchange of initial courtesies, Dr. Yeh informed the President of three points the Generalissimo had asked be brought to the President's attention:

He made known the Generalissimo's sense of satisfaction on the conclusion of the Formosa Treaty, which would improve defense and close bonds of friendship between the two countries. He hoped these results would not be nullified by the promotion by others of a "two-China" theory, and hoped the President would find some way to nip in the bud any tendencies in this direction.

With respect to the off-shore islands, the Generalissimo recognized that the Treaty did not cover these, but felt that it would be a good psychological warfare move for the U.S. to give some form of assurance that it would provide logistic support for Chinese

forces engaged in their defense. (At this point the President indicated that he thought it would have been unwise to extend the Treaty to these islands; the heart of the matter was the declaration concerning Formosa and the Pescadores. He thought a good understanding had been reached in the negotiations on this matter, and felt that any actions against the off-shore islands could best be handled, case by case, each on its merits. It should not, he stressed, be thought that the U.S. is indifferent as to these islands.)

The Generalissimo also wished to inform the President of a proposed program for the training of reservists. It involves weeding out some 80,000 ineffectives, and training reservists for the Army, Air Force and Navy.

The President asked that the Generalissimo be assured of our warm friendship. Developments in China must be viewed in terms of long periods of time. He felt that there are signs that the Soviets and the Chinese Communists are having some difficulties. In any event, as of now, he considered there was no possibility whatever of our accepting Communist China. He asked also that the Generalissimo be informed that his views are weighed very seriously, and receive sympathetic consideration.

Dr. Yeh asked as to the President's views concerning the situation in Indo-China. The President indicated it was very difficult but not hopeless; there are some possibilities still open to us.

Mr. Yeh said he felt a key question is how to apply pressure on the Communist world short of war. He recognized that it takes time to work out steps to be taken in unison.

The President asked that his warm greetings be given to the Generalissimo. He assured Mr. Yeh of his desire that the two countries work together. He asked that the Generalissimo remember the practical problems that bear upon the formation of U.S. policy in that area.

G

No. 453

611.94A241/12-2054: Telegram

The United States Representative at the United Nations (Lodge) to the Department of State

SECRET PRIORITY NEW YORK, December 20, 1954—2 p.m.

303. Re US fliers held by Red China. Lall (Permanent Indian Rep) called on me at my apartment this morning. He said that the

GOI had instructed him, at his discretion, to see me and make fol known to us on most confidential basis.

Lall said that before question of the imprisoned fliers had been brought to GA, Amb Allen had asked Nehru to see what cld be done in Peking to have fliers released. After GA action Nehru had sent message to Chou advising him to receive Hammarskjold. Nehru felt that it was going rather far for him to do that since India was not taking a stand on the question. He had also received messages from Lester Pearson and St. Laurent (Canada) asking him to intervene with Chou. Over a period of some time Chou had told Nehru that he felt he was being very unfairly treated, that his case on the fliers was good, and that there had been a pattern of US espionage against China during the last seven years. The case of the fliers was thus not an isolated one or simply arising out of Korean conflict. Chou also felt that the fact that US had not dealt with the case of Downey and Fecteau, the two civilians, was an admission on our part of our guilt. Moreover, the US Rep in Geneva, according to Chou, had given the Chinese a list which included the eleven airmen as American Nationals in China and not as military personnel. Chou also complained that there had been an agreement to give exit permits to four Chinese students in the US in exchange for two newspapermen and two others released by the ChiComs [1] and that US had not given the exit permits to the students.

I ventured to say there may have been a misunderstanding on the part of the ChiComs of our leaflet dropping operation which, in time of war, was a legitimate military operation. Lall seemed to agree that there may have been such a misunderstanding on the part of the ChiComs.

Lall then said that the Indian Ambassador in Peking, Raghavan, has reported to Nehru that he believes the Chinese are prepared to back down on the fliers if the US does not "bluster" with them. He believes their way out wld be to reduce or commute the sentences without admitting that the convictions had been wrong. If US engaged in "bluster", however, they wld never release the fliers.

Lall said that Hammarskjold wld make his trip to Peking via New Delhi, but that the reason they wld not let Dayal accompany him was that they did not want to appear to have prejudged the case by having an Indian rep there under the UN "umbrella".

LODGE

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[1] The two newspapermen under reference were presumably Applegate and Dixon; see footnotes 2 and 5, Document 308.

No. 454

611.95A241/12-2054:Telegram

The Chargé in the United Kingdom (Butterworth) to the Department of State

SECRET LONDON, December 20, 1954—5 p.m.

2817. Noforn. While in Paris Eden received long analytical letter from Hammarskjold outlining in detail reasoning behind his decision offer go to Peiping on behalf US airmen. He felt he had to "crash the gate" in order overcome initial and obvious reaction of ChiComs who could be expected refuse a UN approach on this issue. He also had to take into account American opinion and he therefore could not start with a too modest approach. For various reasons he could not invite a third power, such as Sweden, Switzerland or India, to act as intermediary. There remained only action by UNSYG. Transmission of UN resolution would only have clouded issue. Exchange of views by telegraph would have been unproductive. Suggestion for interchange of views between representatives of ChiComs and UN would have met with rebuff. Finally only emissary acceptable to both ChiComs and US would be Hammarskjold himself and suggestion would have to be couched in form making it impossible for ChiComs to refuse. If contact established, he proposed try to find method divorced from limelight and unlikely produce "new sensation"; it would have to be in such form as not to commit either Peiping or Washington. He ended by saying that if anything came of his feeler he would travel to Peiping via London and New Delhi.

FonOff is preparing for Hammarskjold a list of missing UN POWs of British nationality but believes it inappropriate to ask him intervene on behalf of British nationals in China without UN connection. FonOff professes to be without information that Hammarskjold has received any private encouragement from ChiComs, although it does not rule out possibility he may have received some sort of clue from his nephew who is with Swedish Mission in Peiping.

BUTTERWORTH

No. 455

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 229th Meeting of the National Security Council, Washington, December 21, 1954 [1]

[Extracts]

TOP SECRET EYES ONLY

Present at the 229th Meeting of the National Security Council were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Attorney General (for Item 2); the Secretary of Commerce (for Item 4); the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission (for Item 2); Mr. Spear for the Federal Civil Defense Administrator (for Item 2); the Chairman, Council of Economic Advisers (for Item 2); the Director, U.S. Information Agency; General Twining for the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; Robert Cutler, Joseph M. Dodge and Nelson A. Rockefeller, Special Assistants to the President; the White House Staff Secretary; Robert R. Bowie, Department of State; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the main points taken.

. . . . . .

4. Current U.S. Policy Toward the Far East (NSC 5429/4; NSC 5429/3; Memos for NSC from Executive Secretary, same subject, dated November 29 and December 20, 1954; [2] NSC Actions Nos. 1259 and 1275 [3])

After Mr. Cutler had completed a short briefing of the Council on the remaining problems in NSC 5429/4, Secretary Dulles remarked that he had not had time, in the short interval since he had returned from Paris, to give this report the requisite consideration. He would prefer, therefore, that the Council not act finally on the report at this meeting. Mr. Cutler nevertheless suggested

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[1] Drafted by Gleason on Dec. 22.

[2] For Lay's Nov. 29 memorandum, see footnote 4, Document 419. His Dec. 20 memorandum enclosed a memorandum of Dec. 17 from the Joint Chiefs of Staff to the Secretary of Defense; for the text of the latter, see vol. XII, Part 1, p. 1050.

[3] For NSC Action No. 1259, see footnote 9, Document 375; for NSC Action No. 1275, see footnote 9, Document 419.

that there were a number of comparatively undisputed points which the Council might take this occasion to settle.

. . . . . .

The Secretary of State said that he would much prefer that the prohibition against Nationalist interference with Chinese Communist seaborne commerce be deleted. If this prohibition remained in the paper, the U.S. position would become frozen at a time when we needed flexibility. He realized that the absence of this statement did not provide CIA with the guidance it would like to have, but he preferred that such guidance continue, as in the recent past, to be provided to the CIA on a case-by-case basis through the Departments of State and Defense. It was accordingly agreed to delete this language from paragraphs 5–c and 7–d.

Secretary Humphrey commented that assisting the Chinese Nationalists to interfere with Chinese Communist commerce was just the kind of action he had referred to with distaste in the earlier discussion at the meeting. If we don't know where we are going we will get into a lot of trouble, and he saw no reason why the United States should get itself involved in Quemoy.

The President replied to the Secretary of the Treasury that the point at issue had nothing whatever to do with Quemoy. Secretary Humphrey answered that nevertheless the general problem was bound up with our policy toward the offshore islands.

Secretary Dulles then launched on a brief defense of current U.S. policy vis-à-vis the Nationalist-held offshore islands. He again indicated that the State Department had no desire whatever to find itself committed, *de facto,* to defense of these offshore islands against Chinese Communist attack.

Secretary Humphrey replied that if the deletion of the language in paragraph 5–c was merely a temporary expedient while we proceeded to get out of an untenable position respecting the offshore islands and interference with Chinese Communist commerce, he would agree to the deletion of this language; but not otherwise. He repeated once again his view that the United States must not let itself get into positions which it really did not mean to defend. Secretary Dulles said he believed that in the long run our policies would lead to a stabilization of the situation in the Nationalist-held offshore islands. He repeated, however, that he did not now wish to be bound by rigid rules in the light of the recent hostile Chinese Communist words and deeds. He did agree, however, that the deletion of this language would be a temporary expedient.

. . . . . .

Digressing for a moment from the paper, Secretary Dulles said that with respect to the UN action to stabilize the situation on the offshore islands, the National Government of China had indicated

their anxiety lest the special arrangements made in the exchange of notes between the United States Government and the Chinese National Government be made public at this time. If these arrangements were made public now it might be made to seem that the Chinese Nationalists had agreed to accept limitations in order to secure favorable consideration by the UN. Accordingly, said Secretary Dulles, he had arranged with Foreign Secretary Eden, who was anxious to have the notes published, to defer UN action regarding the situation in the offshore islands until (a) the difficult situation respecting the captured American flyers quieted down, or (b) unless the U.S. came to feel, on the basis of a good intelligence estimate, that a major Chinese Communist attack on the offshore islands is in prospect.

[Here follows discussion concerning paragraphs 5–e and 5–g of NSC 5429/4.]

Mr. Cutler then asked the Council to give its attention to the more difficult split of opinion in the Planning Board with respect to restrictions on the trade of the free world with Communist China. He explained the split in paragraph 7–c on this subject, and suggested that the study called for in Annex B of NSC 5429/4, respecting policy on trade with the Communist bloc, be undertaken by the newly created Council on Foreign Economic Policy.

Secretary Dulles said that in this case, likewise, he would like the Council to defer action in order to permit him further opportunity to study this problem. The President agreed with this suggestion of the Secretary of State, going on to say that whatever Secretary Dulles decided as to what should be contained in the disputed paragraph was all right with him. To the President, the most important matter was the development of the study referred to in Annex B.

[Here follows discussion concerning programs to ensure adequate internal security forces in areas vulnerable to Communist subversion.]

At the conclusion of the discussion of this item, Mr. Cutler called on Secretary Weeks, who expressed the view that the United States was insufficiently firm in its efforts to induce its allies to maintain the same level of restrictions on trade with Communist China as did the United States itself.

The National Security Council: [4]

a. Discussed the subject on the basis of the reference report (NSC 5429/4) in the light of the views of the Joint Chiefs of Staff transmitted by the reference memorandum of December 20, 1954.

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[4] The lettered subparagraphs constitute NSC Action No. 1292. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "NSC Record of Actions, 1954")

b. Agreed upon the following changes in the statement of policy contained in NSC 5429/4:

(1) *Paragraphs 5-c and 7-d:* Delete the words "or seaborne commerce with Communist China".

(2) *Paragraph 5-e:* Add at the end: "; concerting overt actions with the other ANZUS nations."

(3) *Paragraph 10-i:* Insert, after "feasible", the words "and productive".

c. Deferred action on paragraph 5-g pending further consideration by the Secretary of State, in consultation with the Secretary of Defense, and report at the meeting of the Council to be held January 5, 1955.

d. Deferred action on paragraph 7-c, other than the "Majority Proposal" in 7-c-(2), pending further consideration by the Secretary of State, in consultation with the Secretary of Commerce, and report at the meeting of the Council to be held January 5, 1955.

e. Requested the Council on Foreign Economic Policy to undertake the study outlined in the "Majority Proposal" in paragraph 7-c-(2) of NSC 5429/4.

Note: The President subsequently approved the statement of policy in NSC 5429/4, as amended by the NSC with the exception of paragraphs 5-g and 7-c which are subject to further consideration as indicated in c and d above. NSC 5429/4, as amended and approved by the President, excepting paragraphs 5-g and 7-c, circulated as NSC 5429/5 [5] for implementation by all appropriate executive departments and agencies of the U.S. Government, subject to review in the light of final decisions on basic national security policy; and referred to the Operations Coordinating Board as the coordinating agency designated by the President. The actions in c and d above subsequently transmitted to the Secretary of State, with copies respectively to the Secretary of Defense and the Secretary of Commerce. The action in e above, as approved by the President, subsequently transmitted to Mr. Dodge for action.

S. EVERETT GLEASON

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[5] For text of NSC 5429/5, "Current U.S. Policy Toward the Far East," Dec. 22, see vol. XII, Part 1, p. 1062.

No. 456

Eisenhower Library, Dulles papers, "Meetings with the President"

Memorandum of Conversation, by the Secretary of State [1]

TOP SECRET
PERSONAL AND PRIVATE

[WASHINGTON,] December 22, 1954.

MEMORANDUM OF CONVERSATION WITH THE PRESIDENT

[Here follows discussion not pertaining to China.]

3. We talked about the China situation and long-range prospects. I emphasized that, in my opinion, the possibilities of change which would be in the interest of the United States would come from either (a) the traditional tendency of the Chinese to be individualistic or (b) the traditional Chinese dislike of foreigners which was bound in the long run to impair relations with Russia. The President said that, under present conditions, no change of our attitude was possible, but that if the Chinese Communists met certain quite obvious requirements, then the situation might be different. [2]

[Here follows further discussion not pertaining to China.]

6. The President agreed that Chase should stay on for the time being in Taipei, although not necessarily promoted. He asked me to advise Secretary Wilson accordingly.

JFD

[1] Drafted by Dulles and initialed for him by John W. Hanes, Jr., Special Assistant to the Secretary.

[2] A notation on the margin of the source text indicates that the paragraph was shown to Bowie on Dec. 27.

No. 457

611.95A241/12-2254: Telegram

The Secretary of State to the Embassy in Pakistan [1]

SECRET

WASHINGTON, December 22, 1954—7:13 p.m.

828. There have been reports question of captured personnel of United Nations Command still detained by Communist Chinese might be raised at Djakarta conference of Colombo Powers Prime

[1] Drafted by William L. S. Williams, Officer in Charge of India–Nepal–Ceylon Affairs; approved with minor revisions by Dulles. Also sent to New Delhi, Djakarta, and Rangoon and repeated to Colombo.

Ministers including reports Prime Minister of Ceylon [2] might raise matter.

FYI Special message has been sent Sir John Kotelawala thanking him for his interest but requesting him not to take initiative and if matter raised asking him to use his influence discourage any action. [3] End FYI.

Believe important this problem which now in hands of the United Nations remain there. Secretary General is now energetically proceeding carry out instruction of the General Assembly and believe simultaneous action by Colombo Powers would not be helpful and could in fact jeopardize chances Secretary General's efforts. Therefore it is hoped Colombo powers will not discuss matter.

In your discretion take suitable opportunity convey government to which accredited above views.

DULLES

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[2] Sir John Kotelawala.

[3] The message was sent in telegram 2167 to Manila (where Kotelawala was visiting), Dec. 22. (611.95A241/12-2254)

No. 458

611.95A241/12-2354: Telegram

The United States Representative at the United Nations (Lodge) to the Department of State

SECRET PRIORITY NEW YORK, December 23, 1954—6 p.m.

309. Lodge called on Hammarskjold this morning and received a report on the latter's conference in Stockholm with ChiCom Ambassador. SYG stated that meeting was cordial and that there was clear evidence of "desire to please" and to arrange matters so as to make the trip to Peiping work out smoothly. Hammarskjold described his meeting as "most satisfactory."

SYG reached agreement with ChiCom Ambassador on following eight points: (1) route to Peiping to be via New Delhi; (2) length of visit not to exceed four or five days; (3) discussions to be between SYG and Chou En-lai; (4) publicity to be by mutual agreement of parties concerned; (5) personnel to accompany SYG to include Pakistan or Burmese "political expert", British or Swiss "legal expert," Swedish personal assistant, American "body guard", and one or two interpreters; (6) visas for his entire group; (7) diplomatic immunity for all members of group; (8) agreement that the words "pertinent questions" used in Chou En-lai's telegram to SYG included

the "question that is the reason for the SYG's trip to Peiping"—namely UN personnel held in China.

Lodge stated that the Secretary had expressed concern over fact that SYG was taking US citizen to China. SYG said he had considered matter carefully, that ChiComs knew his body guard was an American and that he felt that any departure from his usual practice of taking this man with him wherever he goes would be considered by Chinese as a form of "kowtowing" to them. SYG stated that he was particularly anxious not to create impression with ChiComs that he was making any concessions or approaching them in guise of suppliant.

SYG then said that he would like to travel to Peiping by government aircraft and would ask US Government to provide airplane to London, UK Government from London to Delhi, and Indian Government from Delhi to Peiping. He asked Lodge to do all possible to further his request. Lodge stated that he personally supported the request and would do what he could to secure compliance by US Government. Subsequently in telephone conversation with Secretary, Lodge urged that US furnish aircraft and Secretary indicated his approval of request. [1]

LODGE

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[1] A notation in the margin of the source text indicates that arrangements had been made for the aircraft to be made available. Hammarskjold left New York on Dec. 30 and flew to Peking via London and New Delhi, arriving on Jan. 5, 1955.

No. 459

S/S–NSC files, lot 63 D 351, NSC 5441 Series

Draft Statement of Policy Prepared by the National Security Council Planning Board [1]

TOP SECRET
NSC 5441

[WASHINGTON,] December 28, 1954.

U.S. POLICY TOWARD FORMOSA AND THE GOVERNMENT OF THE REPUBLIC OF CHINA (GRC)

OBJECTIVES

1. Maintenance of the security of Formosa and the Pescadores as a part of the Pacific off-shore island chain, which is an element essential to U.S. security.

2. An increasingly efficient Government of the Republic of China (GRC), evolving toward responsible representative government, capable of attracting growing support and allegiance from the people of mainland China and Formosa, and serving as the focal point of the free Chinese alternative to Communism.

3. Continued development of the military potential of GRC armed forces (a) to assist in the defense of Formosa and the Pescadores and (b) to take action in defense of the GRC-held off-shore islands, equipped and trained to contribute to collective non-Communist strength in the Far East and for such other action as may be mutually agreed upon under the terms of the Mutual Defense Treaty.

4. Use of GRC military potential, including the availability of Formosa and the Pescadores for the use of U.S. forces under the terms of the Mutual Defense Treaty, in accordance with U.S. national security policies.

5. Development of a stronger Formosan economy.

6. Improved relations between the GRC and other non-Communist nations.

7. Continued recognition and political support of the GRC as the only government of China and as the representative of China in the United Nations and other international bodies.

8. Increased support for the GRC by non-Communist Chinese outside mainland China and Formosa, especially the overseas Chinese of Southeast Asia, insofar as such support does not conflict with obligations to their local governments.

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[1] This draft policy statement was sent to Council members with a covering note of Dec. 28 from Lay, stating that it was transmitted for consideration by the Council at its meeting on Jan. 13, 1955.

COURSES OF ACTION

9. Effectively implement the terms of the Mutual Defense Treaty, taking all necessary measures to defend Formosa and the Pescadores against armed attack.

10. Seek to preserve, through United Nations action, the *status quo* of the GRC-held off-shore islands, and, without committing U.S. forces except as militarily desirable in the event of Chinese Communist attack on Formosa and the Pescadores, provide to the GRC forces military equipment and training to assist them to defend such off-shore islands, using Formosa as a base.

11. Refrain from assisting or encouraging GRC offensive actions against Communist China, and restrain the GRC from such actions, except in response to Chinese Communist provocation judged adequate in each case by the President.

12. Continue covert operations . . . .

13. Continue military assistance and direct forces support for the GRC armed forces to enable them to assist in the defense of Formosa and the Pescadores, to take action in defense of the GRC-held off-shore islands, and so equip and train them as to enable them to contribute to non-Communist strength in the Far East and for such other action as may be mutually agreed upon under the terms of the Mutual Defense Treaty.

14. Continue coordinated military planning with the GRC designed to achieve maximum cooperation from it in furtherance of over-all U.S. military strategy in the Far East.

15. Encourage and assist the GRC, through such means as off-shore procurement and technical advice, to construct and maintain on Formosa selected arsenals and other military support industries.

16. Exercise the right, as appropriate, under the terms of the Mutual Defense Treaty, to dispose such U.S. land, air and naval forces in and about Formosa and the Pescadores as may be required in U.S. interests.

17. Show continuing U.S. friendship for the GRC and the Chinese people, while avoiding any implication of an obligation to guarantee the former's return to power on the mainland.

18. Encourage and assist the GRC to take steps leading toward more responsible representative government suited to the Chinese environment and having a constructive social and economic program, so as to deserve the support and allegiance of the people of Formosa and to serve as the focal point of the free Chinese alternative to Communism. So far as feasible, employ U.S. assistance as a lever to this end.

19. Continue to recognize the Government of the Republic of China as the only government of China and to support its right to

represent China in the United Nations. Seek to persuade other non-Communist countries to do likewise.

20. To the extent feasible, encourage the GRC to establish closer contact with the Chinese communities outside mainland China and Formosa and to take steps to win their sympathy and support, insofar as such support does not conflict with obligations to their local governments. Encourage the leaders of these communities to reciprocate by extending sympathy and support to the GRC as the focal point of the free Chinese alternative to Communism and as a Free World partner in the defense against Communist expansion in Asia.

21. Maintain contact through U.S. officials with anti-Communist Chinese groups outside Formosa which continue to reject cooperation with the GRC, and, without making commitments of U.S. support, encourage such groups actively to oppose Communism.

22. Encourage conditions which will make possible the inclusion of the GRC in a Western Pacific collective defense arrangement comprising the United States, the Philippines, Japan, and the Republic of Korea, eventually to be linked with the Manila Pact and ANZUS.

23. Continue to provide such technical and economic assistance to Formosa as will promote U.S. objectives and will be consistent with other U.S. programs of economic and military aid for the Far East.

24. Encourage conditions which will make possible the eventual inclusion of the GRC in such economic grouping as may be organized among the free nations of Asia.

25. Take all feasible measures to increase the opportunities for the GRC to develop a well-balanced trade with the non-Communist nations of Asia and with other free world countries.

26. Continue to assist the GRC to plan the most productive use of Formosan resources in their own best interests, so as to complement the economies of other free countries, particularly Japan and the Philippines.

27. Continue to work with the GRC toward better fiscal procedures and the revision of programs which run counter to prudent U.S. advice.

28. Encourage the GRC to adopt policies which will stimulate the investment of Chinese and other private capital and skills for the development of the Formosan economy, under arrangements avoiding "exploitation" yet acceptable to private interests.

29. Consistent with the foregoing objectives and courses of action, continue programs in which Formosa serves as a base for psychological operations against the mainland.

30. Continue U.S.-sponsored information, cultural, education, and exchange programs; expand the program for training Chinese and Formosan leaders.

31. Seek to improve relations between the GRC and other non-Communist countries, and develop an appreciation on the part of these countries of the GRC and of the favorable conditions existing on Formosa, by such means as encouraging official and non-official visits to Formosa.

32. Attempt to convince other free world countries of the soundness of U.S. policy toward the Republic of China and of the advisability of their adopting similar policies.

Annex

Summary Statement of Current Military and Economic Assistance Programs for Formosa [2]

I. MILITARY ASSISTANCE PROGRAMS

1. The size and scope of U.S. military aid programs have a direct bearing on the rate and degree of GRC military development. In FY 1950–1954 the U.S. programmed some $942 million in matériel and training for the GRC forces, of which about half was delivered by June 30, 1954. This program plus economic assistance and direct forces support has made possible the development of a reorganized army of 21 infantry and 2 armored divisions, a small navy of 3 destroyers, 6 destroyer escorts, and 82 other combatant vessels, 2 marine brigades, a small air force of 8-⅓ combat wings, 2 jet equipped, and essential combat and service support forces—all with limited combat effectiveness.

2. Roughly two-thirds of the total military personnel strength of the GRC are supported directly through the MDA program. These are the personnel in the GRC forces recommended by the JCS for MDAP support. The remaining one-third of the total military strength, however, is supported by the U.S. indirectly through the economic and direct forces support programs. A breakdown of total GRC military personnel is shown below:

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[2] The source text includes several pages, encompassing Part I, which were revised on Jan. 5, 1955. Copies of the revised pages were sent to holders of NSC 5441 with a covering memorandum of Jan. 6, 1955, from Lay, with the request that they should be substituted for the appropriate pages of the annex and that the superseded pages should be destroyed; the unrevised pages appear, however, to be attached to the memorandum. (S/S–NSC files, lot 63 D 351, NSC 5441 Series)

GRC MILITARY PERSONNEL STRENGTHS

	MDAP Supported	*Non-MDAP Supported*	*Total*
Ministry of National Defense and non-Service Units		* 110,000	110,000
Combined Service Forces		45,000	45,000
Army	291,000	† 54,000	345,000
Navy	28,000		28,000
Marines	15,000		15,000
Air Force (including antiaircraft and security units)	68,000		68,000
Total	402,000	209,000	611,000

* Included in this total are about 42,000 ineffectives and unassigned, 18,000 guerrillas, and 30,000 reserve training forces. [Footnote in the source text.]

† Comprises 3 infantry divisions and certain other forces. [Footnote in the source text.]

3. Completion of deliveries on the FY 1950–1954 programs plus the programs presently contemplated for FY 1955–1956 will provide the GRC with an army capable of assisting in the defense of Formosa and the Pescadores and of taking action in defense of the GRC-held off-shore islands, a small improved navy capable of conducting limited coastal patrol, antishipping, and commando operations and an air force of 8–⅓ wings, 4–⅓ jet equipped, designed to provide limited air defense, troop support, and interdiction capabilities. The planned forces would not enable the Government of the Republic of China, without U.S. air, naval and logistic support, to defend its territory successfully against full-scale Chinese Communist attack or to initiate large-scale amphibious operations against the mainland of China.

4. On September 24, 1954, the GRC was placed in the First Priority category of the U.S. Department of Defense priority system for the allocation of military equipment and supplies, for those items of matériel listed by the Chief of the MAAG as affecting present combat operations in defense of GRC-held territory. Included in this First Priority category are all "United States and associated allied forces engaged in active combat operations short of a general war . . ." [3] This action was taken in order to assure the timely delivery of MDAP matériel within the framework of the presently approved MDA programs for Formosa.

5. The attached table sets forth the military assistance programs for Formosa for FY 1950–1956. The FY 55–56 figures are based on illustrative programs prepared by the Military Departments for the development of the FY 1956 budget request. These programs have

[3] Ellipsis in the source text.

no official status and are subject to change as development of the budget progresses. It should be noted that these programs are based on currently approved JCS force goals for Formosa, which, it is anticipated, will be reexamined in the light of the new policy statement. These programs, while permitting combat operations at the current level in defense of the off-shore islands, do not provide for any substantial increases in replacement of losses, logistical support, etc., which might be necessary in order for the GRC to take action in defense of the islands against significant increases in the scale of Chinese Communist attacks.

MILITARY ASSISTANCE PROGRAMS FOR FORMOSA

Funds Programmed

(Millions of dollars)

	FY 1950–54	*FY 1955–56*	*Total FY 1950–56*
Military End-Items	887.8	169.9	1,057.7
Packing, Handling, Crating & Transportation	41.2	58.9	100.1
Training	13.3	10.0	23.3
Total Military Assistance	942.3	238.8	1,181.1

Actual and Projected Expenditures

(Millions of dollars)

	FY 1950–51	*FY 1952*	*FY 1953*	*FY 1954*	*Total FY 1950–54*	*FY 1955 (est'd)*
Military End-Items	9.3	38.5	188.6	175.4	411.8	290.9
Packing, Handling, Crating & Transportation	.9	3.9	18.9	17.5	41.2	29.1
Training	—	—	2.3	3.1	5.4	7.9
Total Military Assistance	10.2	42.4	209.8	196.0	458.4	327.9

II. ECONOMIC ASSISTANCE

1. *Magnitude of Program.* Major economic assistance to Formosa began during FY 1951, shortly after the invasion of the Republic of Korea and the Presidential declaration of June 1950 to neutralize Formosa, using the Seventh Fleet. (Economic assistance to Formosa prior to FY 1951 amounted to only about $21.0 million as part of the larger ECA program for the mainland.) Of the total economic assistance and direct forces support programmed from FY 1951 through FY 1954, 71.6 per cent ($284.2 million) was delivered by

June 30, 1954. Assistance to Formosa beginning in FY 1951 and projected through FY 1956 is tabulated below. The designation "Direct Forces Support" refers to common use items, i.e. commodity imports (other than MDAP end-items) consumed directly by the GRC military forces. For convenience, other forms of assistance (i.e. defense support and technical cooperation) have been combined in a single figure labeled "Economic Assistance".

PROGRAM OF ASSISTANCE TO FORMOSA

(In millions of dollars)

Fiscal Year	*Direct Forces Support* (Common Use Items)	*Economic Assistance* (Saleable Commodities capital goods, technical assistance)	*Total*
1951	12.3	85.8	98.1
1952	13.3	68.2	81.5
1953	30.1	75.4	105.5
1954	29.0	82.6	111.6
1955	31.0	106.7	137.7
1956 (est'd)	37.0	64.7	101.7
Total	152.7	483.4	636.1

ECONOMIC ASSISTANCE EXPENDITURES IN FORMOSA

(in millions of dollars)

Fiscal Year	*Amount*
1951	25.6
1952	90.5
1953	89.6
1954	76.6
1955 (estimated)	101.3
1956 (estimated)	135.8

2. *Objectives of Program.* The program has been designed to meet the following objectives:

a. Support of the GRC military effort through MAAG-sponsored local currency projects and dollar imports.

b. Increasing Formosa's capacity for self support through industrial and agricultural development.

c. Maintaining economic stability (i.e. keeping inflation within manageable proportions).

3. *Nature of Program.* Funds spent for direct forces support have financed the purchase of aviation gasoline, lubes, material to fabricate uniforms, construction material for airfields, barracks, roads, military schools, etc.—all directly consumed by the GRC military. Funds for economic assistance in the above table have been used for two principal purposes: (1) the importation of saleable commod-

ities to meet normal import requirements and simultaneously to generate counterpart funds; (2) capital goods to rehabilitate the industrial plant left by the Japanese and to establish expanded industries. About 25% (i.e. $121.0 million out of $483.4 million) of the total has been programmed for this second purpose.

4. *Program Trends.*

a. Since FY 1951, there has been an increasing emphasis on the capital goods portion of the program, although the saleable commodity portion still represents the major segment of the total economic assistance program. This has been possible because inflation has gradually been checked, thereby permitting the use of more dollars and counterpart for development purposes.

b. For FY 1955 substantial increase in defense support funds is programmed to assist in meeting the problem of retiring ineffective troops and providing for trained replacements. Part of this program would require Presidential approval—now in process—of the release of funds originally authorized for Indochina under Section 121 of Public Law 665 (Mutual Security Act of 1954). [4]

[4] Approved Aug. 26, 1954; 68 Stat. 832.

No. 460

611.95A241/12-3054:Telegram

The United States Representative at the United Nations (Lodge) to the Department of State

CONFIDENTIAL NEW YORK, December 30, 1954—8 p.m.

321. Re SYG's trip to Peiping. Dr. Tsiang (China) came in to see Amb. Lodge to get info on the plans of the US in connection with the SYG's trip to Peiping. He was particularly interested in knowing whether the SYG was authorized to bargain with the Chi Comms in any way. He specifically mentioned the possibility of releasing the 35 Chinese students in the US, but also spoke of other concessions or *quid pro quo* which the Chi Comms might demand.

Amb. Lodge told him that the SYG was empowered to do no bargaining whatever on behalf of the US; that his powers came exclusively from the res passed by the GA; that he had with him the names of all US military personnel believed to be in Chi Comm hands, and that Lodge believed the SYG felt that his terms of reference embraced only UN military personnel held by the Chi Comms in contravention of the armistice agreement.

Lodge then asked Tsiang what his own opinion was as to the success that cld be expected of the SYG's mission. Tsiang replied that he felt the SYG wld not return completely empty-handed; that, as

Lodge had phrased it, Chou En-lai was objective enough to see that the official and public opinion of the US and the rest of the free world was so strong and united on the subject that he cld scarcely afford to send the SYG home with a peremptory turn-down. The extent to which Chou En-lai would act on this realization was, of course, purely conjectural, but he thought that at least some of the 15 American fliers might gain their freedom quite soon after the current visit.

Tsiang then asked whether, in our opinion, the SYG would make still another and perhaps a third trip to Peiping in an attempt to get the balance out. Lodge wld hazard no prediction as to this point, but said he felt that the SYG's own plans did not at this time extend beyond the single round trip.

Tsiang obviously came in primarily for info and for reassurance that we were not committed to trading or bargaining with the Chi Comms. He seemed considerably relieved when he left.

LODGE

No. 461

S/S-NSC files, lot 63 D 351, NSC 5429 Series

Memorandum by the Deputy Assistant Secretary of State for Economic Affairs (Kalijarvi) to the Under Secretary of State (Hoover)

TOP SECRET [WASHINGTON,] December 29, 1954.

Subject: NSC Policy on Controls over Trade with Communist China (NSC 5429/5).

On December 21 the NSC decided to ask the new Council on Foreign Economic Policy to make an urgent study of United States policy regarding trade with the entire Soviet Bloc, but deferred action on the text of Paragraph 7(c) of NSC 5429/5 setting out interim policy respecting controls over trade with Communist China. The Secretary of State was asked to provide the text for this revised Paragraph (except, presumably, the sub-paragraph already acted upon, relating to the future study) at the meeting scheduled for January 5. The Secretary was asked to consult with the Secretary of Commerce, but it seems to be understood that the President is prepared to accept whatever text the Secretary of State may decide to propose.

Discussion:

Prior to the publicizing of the imprisonment of the captured United States airmen, the United States was beginning to feel con-

siderable pressure from other governments for revision in the multilateral level of export controls over trade with Communist China—a level currently considerably higher than the level for the European Soviet Bloc, but open to substantial frustration through transshipment from Eastern Europe. It seems reasonable to assume that, because of the airmen incident, other governments may be willing at the moment to forebear somewhat in their pressures for adjustment in the multilateral controls, but the situation is not a stable one and could change suddenly. The Secretary of State, therefore, should be in a position to call the Council's attention at any moment to the development of a serious division with our allies over the retention of the present control level.

We might help ourselves to hold the current multilateral level for a while longer if we can smooth out certain irritations in the Paris strategic trade control committees over procedural technicalities and matters of minor substance in the operation of current controls. A rule of reason under present NSC policy ought in theory to provide us with this necessary flexibility which would remove, without really affecting the impact of the embargo or our general approach in principle, some of the immediate provocation which other participating countries have for forcing a re-examination of the entire question of China trade controls. However, without some language in the NSC policy directive explicitly recognizing the need for this flexibility, other agencies seem unable or unwilling, at the working level, to concur in the appropriate actions.

Attachment A [1] hereto presents proposed language for inclusion in NSC 5429/5 in accordance with the thoughts outlined above. It

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[1] Not attached to the source text. It was presumably identical to the "Revised State proposal for the text of Paragraph 7(c)," attached to a memorandum of Dec. 29 from McConaughy to Robertson. The memorandum stated that the Bureaus of Far Eastern Affairs and Economic Affairs had agreed on the proposal, that Kalijarvi was to present it to Hoover at a briefing that afternoon, and that Hoover was to discuss the subject with the Under Secretary of Commerce the next day. The draft proposal reads (handwritten revisions, apparently by Robertson, here omitted):

"c. (1) Maintain the current level of United States export, import and financial controls on trade with Communist China, and without derogating from the basic principles of these controls, administer them in such manner as to minimize friction with other Free World countries which might tend to lessen their active cooperation in the multilateral control program.

"(2) Urge other Free World countries to maintain the current level of export controls on trade with Communist China. In aid of this effort, the U.S. should, without frustrating the multilateral embargo program, handle questions of routine exceptions in such manner as to preserve and foster the willingness of other countries to retain the present level of controls.

"(3) Whenever it may be determined by the Secretary of State that further effort to maintain the current multilaterally agreed level of export controls would be seriously divisive among our allies or lead nations needing trade with Communist China toward an accommodation with the Soviet bloc, the Secretary should report such determination promptly to the Council." (611.93/12-2954)

also makes it clear that retention of United States unilateral controls and retention of the current level of multilateral controls are separate questions, posing separate problems.

Attachment A has the concurrence of FE/CA. Time, however, has not permitted coordination of this covering memorandum.

Recommendation:

That the Department of Commerce, and subsequently the National Security Council, be urged to accept the language proposed in Attachment A hereto as the agreed text of those portions of Paragraph 7 (c) of NSC 5429/5 not hitherto adopted by the Council.

Index for Parts 1 and 2 appears at end of Part 2